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Household Furniture and Bedding

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HOUSEHOLD FURNITURE & BEDDING

Market Trends

The furniture industry showed good results in 1987, a performance which is unlikely to be repeated in 1988. Constant-dollar personal consumption expenditures on furniture increased 5.8 percent in the first half of 1987, and furniture store retail sales, (not adjusted for inflation) were up 10 percent, according to the Industrial Outlook. Furniture manufacturers continued to report record sales and earnings for 1987 despite disappointing results in the fourth quarter due to consumer lethargy and slow economic growth. The American Furniture Manufacturers Association projects retail sales of major types of furniture to reach about $27.7 billion in 1987. Domestic shipments totaled over $17 billion in 1987 compared with $16.7 billion in 1986.

In furniture retailing, the major trend is toward gallery programs: exclusive displays of a particular company's line of furniture with promotional support from the manufacturer. Galleries can either be independent outlets, such as Ethan Allen's, or displays in furniture or department stores. A survey found that there were 2,400 installed galleries at the end of 1986, and manufacturers expected that number would increase to 5,700 by 1991. Manufacturers also reported an expected increase of shipments generated by gallery programs to increase from 21% in 1986 to 43% in 1991.

The increasing competition for floor space will require U.S. producers to provide more merchandising and sales support to retailers, as well as increasing the use of on-line computer systems to keep close tabs on inventories.

Individual product items will sell well as consumers can better afford to acquire one piece than a whole roomful of furniture. Specialty manufacturers such as La-Z-Boy (recliners) and Dresher (beds) should perform best in such an environment. Those manufacturers with products at a cross section of price points and brand names should also do well such as LADD and Bassett, according to Wheat First Securities.

Knockdown, ready to assemble furniture rang up less than $2 billion in sales in 1987, a modest amount compared to the $27.7 billion in furniture sales. This category, however, has been rapidly expanding. While RTA claims only 4 to 7% of the market, sales nearly doubled in the past 5 years, according to industry observers.

On the other hand, furniture rented to householders generated upwards of $500 million in revenues in 1985, more than double the sales a decade ago, according to the Furniture Rental Association of America.

A dearth of new products is an indication of consolidation in the industry. Major cuts, up to 15%, have been made in manufacturers' lines. There has been a realignment of resources and products, with offshore suppliers losing square footage as import prices soar, and retailers are seeking domestic sources. Heavier use of controlled distribution has led to suppliers dropping dealers, according to Wheat First Securities. Manufacturers, such as Thomasville, no longer service certain retailers because of limitations in productive capacity. Retailers are rotating galleries to find best sellers and major chains are now trying the gallery concept.

Market Trends (continued)

In bedding, the International Sleep Products Association (ISPA) predicts unit volume will slip 1% in 1988, and the industry's dollar value is projected to increase about 3%. Unit sales of adult size mattresses and foundations is expected to rise about 4.3% in 1987, and sales in dollars will increase by 5.8%. The industry sold 12.8 million innerspring mattresses, which account for more than 90% of conventional mattress sales.

Increased interest in daybeds has been noted, with new materials and finishes changing the complexion of a traditional industry with Victorian roots. Sleep sofas are being used more than 40 days out of the year and manufacturers are upgrading their lines by emphasizing thicker and longer mattresses.

The ISPA is currently running a campaign to encourage consumers to replace mattresses after 8 to 10 years. Research has shown that 75% of old mattresses are kept in circulation. By reducing the length by just one year the industry would achieve a dramatic 6% increase.

AT THE MANUFACTURER LEVEL

GENERAL INDUSTRY STATISTICS

Industry Shipments

An analysis of trends in the furniture and bedding industry compiled by the International Trade Administration, U.S. Department of Commerce, in the third quarter of 1987, is included in the 1988 U.S. Industrial Outlook.

The ITA estimated industry shipments (which include all products--both primary and secondary--made in plants in the specified industry classification, plus miscellaneous receipts and contract work) at $17.9 billion for 1987, an increase of 7.0% over 1986. Eliminating the effects of inflation, real growth in furniture and bedding industry shipments was estimated at 4.5% in 1987, and is expected to slow to 1% in constant dollars for 1988.

Estimated Value of Furniture Industry Shipments, 1986, 1987
(Millions of dollars)

	Current Dollars		Constant (1982) Dollars		% Change 1987/1986	
	1987	1986	1987	1986	Current Dollars	Constant Dollars
Value of industry shipments, total	$17,855	$16,692	$15,729	$15,051	+ 7.0%	+ 4.5%
Wood household furniture	7,675	7,117	6,482	6,173	+ 7.8	+ 5.0
Upholstered household furniture	5,067	4,758	4,532	4,337	+ 6.5	+ 4.5
Metal household furniture	2,088	1,945	1,974	1,901	+ 7.4	+ 3.8
Mattresses & bedsprings	2,176	2,043	1,962	1,886	+ 6.5	+ 4.0

GENERAL INDUSTRY STATISTICS

Industry Shipments (continued)

Value of Furniture Industry Shipments Forecast: 1988/1987
(Millions of dollars)

	Constant Dollars	% Change 1988/1987
Value of shipments, total	$15,889	+ 1.0%
Wood household furniture	6,546	+ 1.0
Upholstered household furniture	4,600	+ 1.5
Metal household furniture	1,984	+ 0.5
Mattresses & bedsprings	1,972	+ 0.5

Note: The total value of shipments includes household furniture not elsewhere classified.

Source: U.S. Department of Commerce, International Trade Administration
1988 U.S. Industrial Outlook

A complete census of all manufacturers in the U.S. is compiled every five years by the U.S. Bureau of the Census. The latest census covered the year 1982. During intercensal years, the Bureau conducts annual surveys using a sample of manufacturers in order to develop estimates on key measurements of manufacturing activity.

The value of industry shipments (as previously defined) were up in all covered segments of the furniture industry in 1985 compared with 1984, except for TV/radio cabinets made of wood. Bedding plant shipments (mattresses and springs) were down 1.8%.

Profile of the U.S. Furniture & Bedding Manufacturing Industry 1982, 1984, 1985

Wood Household Furniture (SIC 2511*)

	1985	1984	1982	% Change 1985/1984
Number of companies	na	na	2,430	na
Number of establishments, total**	2,453**	2,370**	2,607	+ 3.5%
Number with 20 or more employees	845**	858**	833	- 1.5
Employees, total (thous.)	133.2	134.9	125.6	- 1.3
Production workers (thous.)	115.9	118.1	109.2	- 1.9
Payroll (mil. $) (production workers)	$1,748.8	$1,717.9	$1,402.7	+ 1.8
Value added by manufacture# (mil. $)	3,526.7	3,459.0	2,715.0	+ 2.0
Value of industry shipments## (mil. $)	6,727.6	6,613.2	5,056.6	+ 1.8
Capital expenditures, new (mil. $)	151.6	138.7	119.1	+ 9.3

Upholstered Household Furniture (SIC 2512*)

	1985	1984	1982	% Change 1985/1984
Number of companies	na	na	1,129	na
Number of establishments, total**	1,136	1,146	1,227	- 7.4%
Number with 20 or more employees	607	616	602	- 1.5
Employees, total (thous.)	76.0	76.5	70.6	- 0.7
Production workers (thous.)	64.3	64.8	59.8	- 0.8
Payroll (mil. $) (production workers)	$1,166.9	na	$ 849.9	na
Value added by manufacture# (mil. $)	2,193.0	2,108.7	1,745.3	+ 4.0
Value of industry shipments## (mil. $)	4,550.7	4,362.7	3,505.3	+ 4.3
Capital expenditures, new (mil. $)	60.1	64.1	57.2	- 6.3

Metal Household Furniture (SIC 2514*)

	1985	1984	1982	% Change 1985/1984
Number of companies	na	na	413	na
Number of establishments, total**	421	427	454	- 7.3%
Number with 20 or more employees	218	217	205	+ 6.3
Employees, total (thous.)	27.2	27.6	27.0	- 1.5
Production workers (thous.)	22.4	22.8	21.5	- 1.8
Payroll (mil. $) (production workers)	$ 420.5	$ 406.8	$ 362.4	+ 3.4
Value added by manufacture# (mil. $)	885.3	893.2	807.0	- 0.9
Value of industry shipments## (mil. $)	1,828.9	1,796.2	1,590.7	+ 1.9
Capital expenditures, new (mil. $)	36.9	38.5	25.4	- 4.2

(continued)

Profile of the U.S. Furniture & Bedding Manufacturing Industry
1982, 1984, 1985
(continued)

Mattresses & Bedsprings (SIC 2515*)

	1985	1984	1982	% Change 1985/1984
Number of companies	na	na	786	na
Number of establishments, total**	863	878	902	- 4.3%
Number with 20 or more employees	349	342	336	+ 3.9
Employees, total (thous.)	21.1	25.0	25.4	-15.6
Production workers (thous.)	15.3	18.6	19.0	-17.8
Payroll (mil. $) (production workers)	$ 369.7	$ 358.9	$ 357.4	+ 3.0
Value added by manufacture# (mil. $)	856.3	860.8	882.4	- 0.6
Value of industry shipments## (mil. $)	1,920.9	1,956.3	1,935.4	- 1.8
Capital expenditures, new (mil. $)	27.6	29.2	25.0	- 5.5

Wood TV & Radio Cabinets (SIC 2517*)

	1985	1984	1982	% Change 1985/1984
Number of companies	na	na	82	na
Number of establishments, total**	72	79	83	-13.3%
Number with 20 or more employees	35	37	37	- 5.4
Employees, total (thous.)	7.2	7.6	7.0	- 5.3
Production workers (thous.)	6.2	6.6	5.9	- 6.1
Payroll (mil. $) (production workers)	$ 98.9	$ 103.7	$ 88.6	- 4.7
Value added by manufacture# (mil. $)	177.2	191.3	152.1	- 7.4
Value of industry shipments## (mil. $)	364.4	393.2	306.6	- 7.4
Capital expenditures, new (mil. $)	9.5	16.5	7.3	-43.1

Household Furniture Not Elsewhere Classified (SIC 2519*)

	1985	1984	1982	% Change 1985/1984
Number of companies	na	na	196	na
Number of establishments, total**	185	180	202	- 8.4%
Number with 20 or more employees	59	68	63	- 6.4
Employees, total (thous.)	7.0	7.5	7.4	- 6.7
Production workers (thous.)	5.9	6.3	6.0	- 6.4
Payroll (mil. $) (production workers)	$ 105.4	$ 114.1	$ 100.7	- 7.7
Value added by manufacture# (mil. $)	188.6	185.7	153.3	+ 1.6
Value of industry shipments## (mil. $)	445.7	423.4	381.1	+ 5.3
Capital expenditures, new (mil. $)	12.2	13.4	11.9	- 9.0

(see footnotes on next page)

GENERAL INDUSTRY STATISTICS

na not available

* Manufacturers are classified by industry under the Standard Industrial Classification (SIC) system determined by the principal product made, as shown below:

SIC 2511 comprises establishments primarily engaged in manufacturing wood household furniture used in dwellings, not including upholstered pieces, but including infants' and children's wood furniture and wood outdoor furniture.

SIC 2512 comprises establishments primarily manufacturing upholstered furniture on wood frames.

SIC 2514 covers establishments primarily engaged in manufacturing metal household furniture, padded or plain, but not dual-purpose sleep furniture.

SIC 2515 comprises manufacturers of mattresses (innerspring, box, etc.) and dual-purpose sleep furniture (studio couches, sofa beds, chair beds). This industry is referred to as the "Bedding Industry" in this Fact File.

SIC 2517 comprises manufacturers of wood TV, radio, phonograph and sewing machine cabinets.

SIC 2519 comprises establishments primarily manufacturing reed, rattan, and other wicker furniture, plastic and fiberglass household furniture and cabinets, and household furniture not elsewhere classified.

** An establishment covers a plant with one or more employees. It is a single physical location where manufacturing is performed and is classified on the basis of its major product in the specific year covered--which might change from one year to another. (Figures on number of establishments for 1984, 1985 are from the Census Bureau's "County Business Patterns" reports.)

Value added by manufacture is derived by subtracting the cost of finished products, materials, supplies, fuel, contract work, etc., from the value of shipments (including resales of finished products) plus the net change in the value of finished products and work-in-process inventories between the beginning and end of the year, without adjustment for price changes.

Value of industry shipments represents the net selling values, f.o.b. plant, after discounts and allowances, and excluding freight charges and excise taxes, and includes both products described as primary to the industry as well as secondary products and miscellaneous receipts. This value should be clearly distinguished from the total value of furniture and bedding manufactured by all producers, including those classified in other industries. This total product value is shown in the section on PRODUCT SHIPMENTS.

Source: U.S. Bureau of the Census:
1982 Census of Manufactures, MC82-I-25A;
Annual Survey of Manufactures, 1985

GENERAL INDUSTRY STATISTICS

Employment & Earnings

Information on employment is compiled by both the Department of Commerce (annual figures) and by the Department of Labor, Bureau of Labor Statistics (monthly and annual). The methodology used by these sources differs somewhat, leading to slightly different employment totals in some instances.

In the 1988 Industrial Outlook, compiled by the Department of Commerce in the third quarter of 1987, a 2.7% increase in employment in the household furniture industry was expected for the year 1987. As of September 1987, the BLS reported production worker employment up 8.3% compared with the same month a year ago in the upholstered furniture industry, while the number of production workers in wood household furniture was up 3.9%. (1987 annual averages on employment and earnings will be issued by the BLS in March 1988.)

Employment & Earnings in the Household Furniture & Bedding Industry: 1985, 1986, September 1987

	September			Annual Average		
	1987(p)	1986	% Change 1987/86	1986	1985	% Change 1986/85
Wood household furniture:						
Total employees (thous.)	136.8	131.7	+ 3.9%	131.1	132.3	- 0.9%
Production workers (thous.)	119.4	115.0	+ 3.9	114.3	115.3	- 0.9
Average weekly earnings	$259.52	$255.60	+ 1.6	$251.46	$236.34	+ 6.4
Average weekly hours	39.5	40.0	- 1.3	39.6	39.0	+ 1.6
Upholstered household furniture:						
Total employees (thous.)	101.0	94.1	+ 7.4	93.2	91.6	+ 1.8
Production workers (thous.)	84.8	78.3	+ 8.3	77.3	75.2	+ 2.8
Average weekly earnings	$306.94	$300.20	+ 2.3	$287.62	$272.31	+ 5.7
Average weekly hours	39.1	39.5	- 1.1	38.4	38.3	+ 0.3
Metal household furniture:						
Total employees (thous.)	25.2	24.6	+ 2.5	26.3	26.8	- 1.9
Production workers (thous.)	20.3	19.9	+ 2.1	21.4	21.6	- 1.0
Average weekly earnings	$296.21	$290.88	+ 1.9	$279.90	$270.75	+ 3.4
Average weekly hours	39.6	40.4	- 2.0	40.1	39.7	+ 1.0
Mattresses & bedsprings:						
Total employees (thous.)	31.8	30.1	+ 5.7	29.6	29.6	--
Production workers (thous.)	24.5	23.1	+ 6.1	22.6	22.5	+ 0.5
Average weekly earnings	$310.40	$301.02	+ 3.2	$282.08	$273.74	+ 3.1
Average weekly hours	40.0	40.9	- 2.2	38.8	38.5	+ 0.8

(p) preliminary

Source: U.S. Bureau of Labor Statistics, Employment & Earnings

GENERAL INDUSTRY STATISTICS

Concentration in the Industry

With the rapid acceleration of imports in the 1980s, increased competition, and a growing variety of consumer durables, the furniture industry, which had been highly fragmented into predominantly small operations, has undergone a change. Large companies, utilizing advanced technology and greater marketing expertise, now dominate. Manufacturing operations have been consolidated to achieve greater economies of scale in purchasing, production, and marketing. Large holding companies with several branded furniture lines are expected to develop, as well as continued growth of large firms. A trade source has estimated that the top 10 furniture manufacturers increased their share of the market from 23% in 1985 to 28% in 1986.

Shipments by plants with 110+ employees represented an increased share of total industry shipments in 1986 over 1984 due to the closing of smaller plants. For example, large upholstered household furniture plants held a 69% share of industry shipments in 1984, rising to 79% in 1986, according to Sales & Marketing Management magazine.

Big Employers (Plants) & Their Share of Furniture Industry Shipments, 1986

	Number of plants With 20+ Employees	Number of plants With 100+ Employees	% of Industry Shipments Accounted For By Plants With 100+ Employees
Wood household furniture (SIC 2511*)	736	329	84%
Upholstered household furniture (SIC 2512*)	632	275	79
Metal household furniture (SIC 2514*)	195	93	83
Mattresses & bedding (SIC 2515*)	337	74	55
Wood TV & radio cabinets (SIC 2517*)	26	15	94
Household furniture n.e.c. (SIC 2519*)	62	17	70

n.e.c. not elsewhere classified

* For definition of SIC codes, see page 6.

Source: Sales & Marketing Management, "Survey of Industrial Buying Power", April 1987. All rights reserved.

GENERAL INDUSTRY STATISTICS

Concentration in the Industry (continued)

The Bureau of the Census reports on the number of plants in the household furniture industry, by type of furniture and in the bedding industry, by employment size class. Large establishments -- those units with at least 250 workers -- accounted for 47.3% of employees in the household furniture industry, and almost three-fifths of workers in the wood furniture industry. Plants with less than 10 employees represented 44.3% of all establishments in the household furniture industry in 1985.

Household Furniture & Bedding Plants By Employment Size: 1985
(Number of employees in thousands)

		Employment Size Class				
	Total	Under 10	10-49	50-99	100-249	250 & Over
Household furniture, total*						
No. of establishments	5,141	2,272	1,657	531	424	257
Percent	100.0%	44.3%	32.2%	10.3%	8.2%	5.0%
No. of employees	286	8	39	37	67	135
Percent	100.0%	2.8%	13.6%	12.9%	23.4%	47.3%
Wood household furniture						
No. of establishments	2,453	1,274	706	187	157	129
Percent	100.0%	51.9%	28.8%	7.6%	6.4%	5.3%
No. of employees	132	4	16	13	25	74
Percent	100.0%	3.0%	12.1%	9.8%	18.9%	56.2%
Upholstered furniture						
No. of establishments	1,136	376	374	164	152	70
Percent	100.0%	33.1%	32.9%	14.4%	13.4%	6.2%
No. of employees	80	na	9	11	24	na
Percent	100.0%	na	11.3%	13.8%	30.0%	na
Metal household furniture						
No. of establishments	421	141	137	51	57	35
Percent	100.0%	33.6%	32.5%	12.1%	13.5%	8.3%
No. of employees	33	1	3	4	9	16
Percent	100.0%	3.0%	9.1%	12.1%	27.3%	48.5%
Mattresses & springs						
No. of establishments	863	353	345	112	46	7
Percent	100.0%	40.9%	40.4%	13.0%	5.3%	0.8%
No. of employees	27	1	8	3	7	3
Percent	100.0%	3.7%	29.6%	29.6%	26.0%	11.1%

na not available
* Includes wood TV and radio cabinets, and miscellaneous types of household furniture.

Source: U.S. Bureau of the Census: County Business Patterns, 1985

GENERAL INDUSTRY STATISTICS

Leading Manufacturers

With the acquisition of the Lane Company in 1987, Interco became the first furniture firm to exceed $1 billion in annual sales. Also in 1987, two newcomers to the furniture business, Chicago Pacific and Masco continued to acquire major furniture manufacturers. Chicago Pacific added McGuire, an upscale casual furniture manufacturer. Masco added Hickorycraft, Lexington Furniture Industries, Marge Carson Furniture and Maitland-Smith. Universal, a major foreign producer with warehouse and assembly operations in the U.S., increased its equity position in Benchcraft, a manufacturer of lower priced upholstery furniture, to round out its lines of wood dining, bedroom, and occasional furniture. Late in 1987, the largest producer of furniture and bedding components, Liggett & Platt, purchased Berkshire Furniture Co., bringing its sales to $682 million and placing the company in the fast-growing metal beds arena.

The May 19, 1987, issue of HFD (The Weekly Home Furnishings Newspaper), covered the volume leaders in furniture and bedding, with 1986 sales compared with 1985. Topping the list was Interco (which as noted above, became much larger in 1987).

La-Z-Boy and Armstrong experienced impressive growth. Armstrong World RTA grew 24%, gaining $61 million in furniture sales over 1985 and performance of its latest acquisition, Barclay Furniture, as a major reason for its increase, along with solid performance from its case goods divisions. Universal, a major foreign producer with warehouse and assembly operation in the U.S., increased its equity position in Benchcraft, a manufacturer of lower priced upholstered furniture, to round out its lines of wood dining room, bedroom, and occasional furniture.

Simmons is the largest worldwide bedding manufacturer while Ohio Mattress has the largest domestic operation and is expected to rise to the number two spot at least for 1987 after swallowing Sealy.

Volume Leaders in Furniture & Bedding Manufacturing
(Sales in millions)

		1986	1985
1.	Interco (Broyhill, Ethan Allen, Highland House)	$ 583*	$ 557
2.	Bassett Furniture Industries	422	408
3.	Simmons	405*	375
4.	La-Z Boy (Burris, Rose Johnson, Hammary)	402	321
5.	LADD Furniture Inc. (American Drew, Daystrom, Lea, Clayton Marcus, Barclay, American Furniture)	380**	247
6.	Mohasco (Stratford, Stratoloungers, Grand Opening, Barcoloungers, Trend Line, Peters Revington, Chromcraft, Avon, Super Sagless)	377	368
7.	Masco (Hendredon, Drexel Heritage, Hickorycraft)	365	na
8.	Lane (Action, HTB, Pearson, Hickory, Royal Development, Venture)	333*	322
9.	Armstrong World (Thomasville, Armstrong)	315	254
10.	Ohio Mattress (Ohio Sealy, Stearns & Foster, Advanced Sleep, Woodstuff, Lifetime Foam)	297	267

(continued)

Leading Manufacturers (continued)

Volume Leaders in Furniture & Bedding Manufacturing
(Sales in millions)
(continued)

		1986	1985
11.	Serta	250***(worldwide)	235
12.	Spring Air	209***(worldwide)	202
13.	Lexington (Dixie, Dixie Furniture, Link Taylor, Henry Link, Young Hinkle)	205	180
14.	Universal	191	158
15.	Klaussner Furniture Industries	178*	150*
16.	Foremost Furniture	162*	150*
17.	Douglas	141	139
18.	Flexsteel	139	125
19.	Stanley	135*	100*
20.	Singer Furniture	132	128
21.	Benchcraft	127	106
22.	Chicago-Pacific (Pennsylvania House, Kittinger, McGuire)	118	100
23.	Catnapper-Cleveland Chair	113*	105*
24.	Therapedic	113***(worldwide)	107
25.	King Koil	112***(worldwide)	110
Total Volume Leaders		6,204	5,214

na not available
* Estimate
** Includes full year American Furniture Sales
*** Includes licenced manufacturing
\+ Acquired by Interco, 1987

Source: HFD (The Weekly Home Furnishings Newspaper), May 18, 1987

Operating Ratios

Selected Operating Ratios for the Household Furniture & Bedding Industry
1982 and 1985

	Payroll Per Employee	Production Workers: % of Total Employment	Average Annual Hours: Production Workers	Cost of Materials: % of Value of Shipments
Household Furniture:				
Wood				
1985	$13,129	87%	1908	48%
1982	11,168	87	1806	46
Upholstered				
1985	$14,696	85	1839	52
1982	12,038	85	1766	50
Metal				
1985	$15,460	82	1916	51
1982	13,422	80	1944	49

(continued)

GENERAL INDUSTRY STATISTICS

Operating Ratios (continued)

Selected Operating Ratios for the Household Furniture & Bedding Industry
1982 and 1985
(continued)

	Payroll Per Employee	Production Workers: % of Total Employment	Average Annual Hours: Production Workers	Cost of Materials: % of Value of Shipments
Wood TV & Radio Cabinets				
1985	$13,736	86%	1907	51%
1982	12,657	84	1831	50
Other (SIC 2519)				
1985	15,057	84	1916	58
1982	13,608	81	1950	59
Bedding				
1985	$17,521	73	1883	55
1982	14,071	75	1874	54

Source: Based on U.S. Department of Commerce: Annual Survey of Manufactures M85 (AS)1 & 1982 Census of Manufactures, Industry Series MC82-1-25a

Plant Capacity

For the fourth quarter of 1985, household furniture plants operated at 82% of the industy's preferred level of capacity, 11 percentage points above the level for the corresponding quarter of 1982. The preferred level is defined as a level, normally between actual operations and practical capacity, which the manufacturer would prefer not to exceed due to costs or other considerations (i.e. where profits would be maximized). The following figures represent the ratio of actual utilization to the preferred level of operation. By comparison, for the fourth quarter of 1985, the entire American industry, comprising both durable and non-durable groups, operated at 75% of its preferred level of capacity, the same level estimated for the corresponding quarter of 1984. Preferred capacity utililization rates were 72% for durable groups in 1985, as compared to 73% in 1984.

Capacity Utilization Rates in the Household Furniture Industry:
Fourth Quarters 1982 - 1985

	1985	1984	1983	1982
Household Furniture	82	79	78	68
Wood	83	78	72	62
Upholstered	90	91	92	76
Metal	74	na	83	72
Wood TV, radio cabinets	72	86	na	na
Other (SIC 2519)	64	67	73	60
Bedding	79	66	na	68

na not available

Source: U.S. Bureau of the Census, Current Industrial Reports
Survey of Plant Capacity, 1985 MQ-C1 (85-1)

EXPENDITURES FOR R&D, TECHNOLOGICAL IMPROVEMENTS

In 1987, the Bureau of the Census issued a report, 1982 Enterprise Statistics covering information on a company basis (in contrast with 1982 Census of Manufactures/Retail Trade reports which are on a plant or store basis). Information on capital expenditures was reported for 104 furniture companies, each having a minimum of 500 employees. Total sales of these companies were reported at $11,490 million.

Capital Expenditures By Furniture Companies in the U.S.
With 500 Employees Or More: 1982

	No. of Companies	Capital Expenditures: Total	Computers & Peripheral Equipment	Other Machinery	Autos & Trucks
Furniture Expenditures:	104				
Mil. of $		$217.4	$17.7	$185.9	$13.8
% to Sales		1.9%	0.2%	1.6%	0.1%

Source: U.S. Bureau of the Census:
1982 Enterprise Statistics

NATIONAL ADVERTISING EXPENDITURES

The 1982 Enterprise Statistics report included information on spending for purchased advertising services (or outside costs), including space, time, production costs, etc., by companies with 500 employees or more. Of the 104 furniture companies with 500 employees or more reported in the industry, 60 companies participating in a survey reported advertising expenditures. These companies had sales of $8,764 million in 1982, or 76% of the total volume reported for all companies in the industry with 500 or more employees. Advertising purchases of these companies amounted to $128.3 million, representing 1.5% of their sales.

Spending For Purchased Advertising Services By Furniture Manufacturers
With 500 Employees Or More: 1982
(Reported By Survey Respondents)
(All dollar figures in millions)

Manufacturing Industries	Companies in each Classification: U.S. No.	U.S. Total Sales	Companies with Advertising Expenditures (Among Survey Respondents): No.	Sales	Adver. Expend.	Adver. Expend. % of sales
Furniture	104	11,490	60	8,764	128.3	1.5%
Wood household	38	4,550	22	3,681	62.2	1.7
Upholstered household	17	1,559	11	1,270	12.8	1.0
Household Furniture, n.e.c.	14	925	8	450	15.4	3.4
Furniture & fixtures, n.e.c.	35	4,456	19	3,363	37.9	1.1

NATIONAL ADVERTISING EXPENDITURES

According to an analysis of 10-K reports filed by publicly owned companies with the Securities & Exchange Commission, advertising expenditures in 1986 represented 2.7% of the total sales of companies which are primarily in the business of manufacturing furniture. This compares with a 2.6% share reported in a similar study for 1985, and 1.7% in 1982.

Included in the figures are all expenditures classified as "advertising expense" by the reporting company. Estimates are subject to differences in classification systems. Media and nonmedia advertising and production costs are included.

Household Furniture Industry Advertising Expenditures: 1982-1986

	Ad Dollars As % of Sales	Ad Dollars As % of Margin*	Ad Dollars Annual Growth Rate %
1986	2.7%	9.5%	13.0%
1985	2.6	9.0	14.5
1984	2.1	6.9	14.9
1983	1.9	6.5	9.6
1982	1.7	5.9	4.4

* margin is net sales less cost of goods sold

Source: Pansophic Systems and Schoenfield & Associates (Advertising Age)

In its Leading National Advertisers report, the Publishers Information Bureau details spending on consumer magazine advertising space by furniture companies, including the companies listed below.

Leading Furniture and Bedding Advertiser's Spending For Space in Consumer Magazines, 1985, 1986, 1987

Furniture	Space Costs ($000) 1987	1986	1985
Lane (Interco)	2,659.8	$2,837.9	$2,473.9
Ethan Allan Galleries (Interco)	610.0	2,083.7	113.2
Thomasville Furniture (Armstrong World)	1,983.1	1,915.4	2,462.1
Hendredon (Masco)	1,816.2	1,600.7	1,569.0
Sears Furniture (Sears Roebuck)	2,255.6	1,335.0	92.9
Total Furniture:	27,683.7	22,134.3	19,328.2
Leading Manufacturers Percent of Total	33.7%	44.2%	34.7%

(continued)

NATIONAL ADVERTISING EXPENDITURES

Leading Furniture and Bedding Advertiser's Spending
For Space in Consumer Magazines, 1985, 1986, 1987
(continued)

Mattresses	Space Costs ($000)		
	1987	1986	1985
Somma	315.6	164.0	0
Serta	62.0	258.8	0
Sealy (Ohio Mattress)	1,012.3	1,184.4	1,056.8
Simmons (Wesray Capital Corp)	132.5	915.3	973.6
Sterns & Foster Mattress (Ohio Mattress)	na	39.6	525.1
Total Mattresses	3,287.0	3,562.6	3,718.3
Leading Manufacturers			
Percent of Total	46.3%	71.9%	67.8%

Source: Publishers Information Bureau,
Leading National Advertisers

PRODUCTION

The index covering the quantity of furniture produced in the U.S., compiled by the Federal Reserve Board, registered an annual average of 123 in 1987--or 23% above the base period, 1977. Furniture production was up 3.4%, from 1986 and was 39% ahead of 1982 production. By comparison, output of all durable consumer goods last year was 4.0% over 1986, and 45% greater than the 1982 total.

Industrial Production Indexes, Annual Averages 1982, 1985, 1986, 1987
(1977 = 100)

All consumer durable goods	120.2	115.6	112.5	82.9	+ 3.97%
Household furniture	123.0	118.9	114.0	88.7	+ 3.44

Source: Federal Reserve Board (G.12.3)

The American Furniture Manufacturers Assocaition reported furniture production in the first 11 months of 1987 up 10% compared with the same 1986 period, based on this industry covereage, which does not include metal and miscellaneous types.

SHIPMENTS

The International Trade Administration has estimated the value of household furniture and bedding shipped by all producers, regardless of the manufacturers' primary-product industry classification, at $17.2 billion in 1987, up 7% compared with 1986. Adjusting for inflation, the ITA estimated a real gain of 4.5% in the 1987 value compared with 1986.

The best performance was in wood household furniture, which covers a large segment of the industry and many diversified product lines. Shipments were up an estimated 7.8%. The skyrocketing demand for metal beds was a factor in the 7.4% gain reported for metal furniture. Of the estimated total for furniture and bedding, wood furniture accounted for 41.5% in 1988; upholstered, 27.8%; metal, 11.8%; mattresses and springs, 14.3%.

SHIPMENTS

Estimated Value of Furniture & Bedding Shipments, 1986, 1987
(Millions of dollars)

	Current Dollars		Constant (1982) Dollars		% Change 1987/86 Current Dollars	% Change 1987/86 Constant Dollars
	1987	1986	1987	1986		
Value of shipments, total*	$17,198	$16,078	$15,155	$14,505	+ 7.0%	+ 4.5%
Wood household furniture	7,144	6,626	6,034	5,747	+ 7.8	+ 5.0
Upholstered household furniture	4,774	4,482	4,266	4,082	+ 6.5	+ 4.5
Metal household furniture	2,021	1,882	1,910	1,840	+ 7.4	+ 3.8
Mattresses & bedsprings	2,459	2,308	2,217	2,131	+ 6.5	+ 4.0

Value of Shipments Forecast: 1988/1987
(Millions of dollars)

	Constant Dollars	% Change 1988/1987
Value of shipments, total	$15,307	+ 1.0%
Wood household furniture	6,095	+ 1.0
Upholstered household furniture	4,330	+ 1.5
Metal household furniture	1,919	+ 0.5
Mattresses & bedsprings	2,228	+ 0.5

* Includes household furniture not elsewhere classified.

Source: U.S. Department of Commerce, International Trade Administration
1988 U.S. Industrial Outlook

According to the American Furniture Manufacturers Association, High Point, NC, in the first 11 months of 1987, shipments of furniture were up 11.3% compared with the same 1986 period. The AFMA includes the furniture types specified in the following table.

Percent Change in Furniture Shipments

	Jan. - Nov. 1987/1986	1986-1985
Total	+ 11.3%	+ 7.9%
Bedroom	+ 7.5	+ 8.0
Dining	+ 16.8	+ 5.8
Occasional	+ 12.7	+ 18.9
Case goods	+ 11.4	+ 8.4
Recliners	+ 9.5	+ 7.3
Upholstered	+ 11.0	+ 7.3

Source: American Furniture Manufacturers Association

SHIPMENTS

Seidman & Seidman, an accounting firm that tracks the furniture industry, reported a substantial backlog of unfilled orders as of the end of November 1987, and expects increases in shipments of wood and upholstered furniture of 10% in value for the year, bringing the total to $15.7 billion. Shipments in 1988 were expected by this source to remain on par with 1987. The slow pace in residential construction in 1987 will be a factor in slowing furniture shipments in 1988.

Furniture & Bedding

The latest official data on the value of shipments of furniture is from the 1985 Annual Survey of Manufactures, compiled by the U.S. Census Bureau in intercensual years, which provides the most detailed breakdowns by furniture type. According to the ASM, the value (not including bedding) increased 1.4% between 1984 and 1985, reaching $21.1 billion.

The largest increase was in infants and children's furniture, reflecting an upturn in the number of births, particularly first births, which require new furniture. The next largest increase in shipments during the period was in the outdoor/unpainted/unassembled furniture category, which recorded a gain of 13.3% during the period, due primarily to the rise in shipments of RTA and small-scale furniture. This climb is expected to continue as consumers move into smaller living quarters and are forced to conserve space.

Value of Shipments of Household Furniture
By All U.S. Producers, 1984, 1985

	Value of Shipments (Mil. $) 1985	1984	% Change 1985/1984
Total reported	$21,113.4	$20,831.9	+ 1.4%
Wood household furniture, total	6,263.3	6,166.1	+ 1.6
Living room, family room & den furniture	1,563.5	1,593.5	- 1.9
Dining room, kitchen furniture, except cabinets	1,255.5	1,245.5	+ 0.8
Bedroom furniture	2,028.0	1,978.2	+ 2.6
Infants' & children's furniture	321.1	283.6	+ 13.3
Outdoor & unpainted, unassembled furniture	459.9	406.6	+ 13.1
Wood household furniture, n.s.k.	635.3	658.3	- 3.5
Upholstered wood household furniture	4,287.4	4,103.8	+ 4.5
Metal household furniture, total	1,769.6	1,796.1	- 1.5
Dining & dinette furniture	406.5	436.2	- 6.8
Kitchen furniture	60.7	64.8	- 6.4
Porch, lawn, outdoor & casual furniture	486.0	475.9	+ 2.2
Other metal household furniture	631.8	647.5	- 2.5
Metal household furniture, n.s.k.	184.6	171.7	+ 7.6
Wood TV and radio cabinets	398.6	425.8	- 6.4
Household furniture, n.e.c.	361.6	378.0	- 4.4

n.s.k. not specified by kind
n.e.c. not elsewhere classified

Source: U.S. Bureau of the Census, Annual Survey of Manufactures, 1985: Value of Product Shipments M85(AS)-2

SHIPMENTS

Furniture By Type

The most comprehensive reports on quantity and value of shipments of furniture shipped by all manufacturers are published in the 1982 Census of Manufactures reports. The census covers all manufacturers with payroll, and reports are much more detailed than the ASM reports.

Quantity & Value of Shipments of Household Furniture, by All Producers, Detailed by Type: 1982

	Quantity (Thousands of Units)	Value (Millions of $)
Wood household furniture, total	na	$4,846.1
Wood living room, library, family room & den furniture, except sewing machine cabinets	na	1,221.7
Cabinets, including record, music etc., excl. sewing machine, radio, phono & TV cabinets	na	129.2
Chairs, except dining room chairs	na	62.6
Rockers	na	37.1
Tables, except card & phone tables	6,010.4	499.5
Desks	na	137.7
Credenzas, bookcases & bookshelves, except wall units	na	71.7
Wall units, desks, bookcases & storage types	na	123.5
Other nonupholstered living room furniture	na	105.3
Wood living room, library, family room, & den furniture, except sewing machine cabinets, n.s.k.	na	55.0
Wood dining room & kitchen furniture, except cabinets	na	1,014.7
Tables, 30 x 40 inches or more, dining room	na	250.7
Chairs, dining room	6,049.2	378.8
Buffets & servers, dining room	468.1	107.8
China & corner cabinets, dining room	669.7	156.4
Other dining & kitchen furniture	na	83.8
Wood dining room & kitchen furniture excl. cabinets, n.s.k.	na	37.3

(continued)

SHIPMENTS

Furniture By Type (continued)

Quantity & Value of Shipments of Household Furniture, by All Producers, Detailed by Type: 1982
(continued)

	Quantity (Thousands of Units)	Value (Millions of $)
Wood bedroom furniture	na	$1,515.7
Beds, excl. headboards & headboard beds, bunk beds, cribs, cradles, Hollywood beds & youth beds	na	188.1
Headboards & headboard beds, incl. padded	na	188.2
Bunk beds, excl. mattresses & detachable springs	na	48.7
Dressers, vanities & dressing tables	1,967.4	325.8
Wardrobes, chifforobes, armoires & wardrobe-type cabinets	na	76.8
Chest of drawers	2,099.5	257.6
Cedar chests	219.2	34.9
Night tables & stands	2,221.7	161.2
Other nonupholstered bedroom furniture	205.3	165.5
Wood bedroom furniture, n.s.k.	na	69.1
Infants' & children's wood furniture	na	158.8
Cribs, incl. springs sold as part of crib	na	74.8
Other infants' & children's furniture	na	83.8
Infants' & children's wood furniture, n.s.k.	na	0.1
Wood outdoor furniture, unpainted wood furniture & unassembled & knock-down wood furniture	na	249.9
Porch, lawn, beach & similar wood furniture: chairs, rockers, benches & chaise lounges, incl. steamer & deck chairs	na	62.4
Other wood porch, lawn, beach & similar furniture	na	37.5
Unpainted wood furniture (furniture-in-the-white):		
Chest of drawers	na	88.4
Unassembled or knock-down furniture, unpainted or finished, sold in kits	na	49.2
Wood outdoor funiture, unpainted wood furniture & unassembled & knock-down wood furniture, n.s.k.	na	12.5
Wood household furniture, n.s.k.	na	685.4

(continued)

Furniture By Type (continued)

Quantity & Value of Shipments of Household Furniture, by All Producers, Detailed by Type: 1982
(continued)

	Quantity (Thousands of Units)	Value (Millions of $)
Upholstered wood furniture, total	na	$3,319.8
Sofa, davenports (excl. dual-purpose), settees & love seats excl. chairs sold as part of suites & sectional sofa pieces	6,414.8	1,397.7
Chairs, except reclining	3,737.2	510.0
Sectional sofa pieces, incl. pieces seating one person	639.1	132.9
Rockers, incl. swivel rockers	na	137.3
Reclining chairs, all types	3,037.0	524.7
Other upholstered wood household furniture	na	111.1
Upholstered household furniture, n.s.k.	na	506.1
Metal household furniture, total	na	1,517.4
Metal household dining, dinette & breakfast furniture	na	360.7
Tubular metal, incl. chairs whether padded or plain:		
Sets (tables & chairs)	1,387.8	266.6
Tables (not sold with a set)	857.2	33.0
Chairs (not sold with a set)	997.1	18.4
Other metal dinette, dining & breakfast furniture	na	41.2
Metal household dining, dinette & breakfast furniture, n.s.k.	na	1.5
Metal kitchen furniture	na	61.8
Kitchen furniture, excl. furniture reported as "dining, dinette & breakfast furniture":		
Cabinets (base, top, base wall, utility, etc)	744.9	27.2
Stools, padded & plain	975.5	25.6
Tables, incl. hostess carts	na	5.3
Metal kitchen furniture, n.s.k.	na	3.7
Metal porch, lawn, outdoor & casual furniture	na	399.4
Tubular aluminum:		
Chairs, rockers, benches, chaise lounges & settees	3,893.3	215.6
Other tubular aluminum porch, lawn & outdoor furniture	na	55.8

(continued)

Furniture By Type (continued)

Quantity & Value of Shipments of Household Furniture, by All Producers, Detailed by Type: 1982
(continued)

	Quantity (Thousands of Units)	Value (Millions of $)
Cast & wrought iron:		
Chairs, rockers, benches, chaise lounges & settees	819.4	$ 46.1
Other cast & wrought iron porch, lawn & outdoor furniture	na	35.1
Other metal porch, lawn, outdoor & casual furniture	na	27.0
Metal porch, lawn, outdoor & casual furniture	na	19.8
Other metal household furniture	na	539.2
Folding cots, rollable cots, army cots, & other metal beds	921.6	57.5
Metal bed frames (with or without a headboard)	na	93.2
Upholstered metal household furniture	na	9.9
Card tables & chairs	na	na
Medicine cabinets, incl. wall type & insert type	2,371.9	70.9
Metal radio, phonograph, TV & hi-fi cabinets	na	na
Infants' high chairs	1,000.0	20.8
Infants' car seats	1,032.0	35.6
Other infants' & children's metal furniture	2,026.2	60.0
Other metal household furniture	na	130.1
Other metal household furniture, n.s.k.	na	11.7
Metal household furniture, n.s.k.	na	156.3
Wood TV & radio cabinets, total	na	302.4
Console phono cabinets & audio cabinets, incl. radio, phono & hi-fi cabinets	na	51.3
TV cabinets & combinations, TV, hi-fi & radio	3,753.4	211.9
Sewing machine cabinets	246.2	24.6
Wood TV, radio & sewing machine cabinets, n.s.k.	na	14.6

(continued)

SHIPMENTS

Furniture By Type (continued)

Quantity & Value of Shipments of Household Furniture, by All Producers, Detailed by Type: 1982
(continued)

	Quantity (Thousands of Units)	Value (Millions of $)
Household furniture, n.e.c., total	na	$ 324.5
Plastics & fibrous glass cainets incl. radio, TV, phono, hi-fi & combinations	na	89.3
Reed & rattan furniture, incl. willow, wicker & cane	na	87.3
Other plastics & fibrous glass household furniture, excl. cabinets	na	88.2
Other household furniture, except wood, metal, plastics or fibrous glass, incl. corrugated furniture	na	26.9
Household furniture, n.e.c., n.s.k.	na	32.8

na not available
n.e.c. not elsewhere classified
n.s.k. not specified by kind.

Source: U.S. Bureau of the Census,
1982 Census of Manufactures,
Industry Series (MC82-I-25A)

Bedding

The U.S. bedding industry registered a gain of about 7% in wholesale volume for 1986, according to the International Sleep Products Association -- the best results since 1983, with stronger gains in nearly every key category in 1986 over 1985. Units were up by 1%.

Sales of conventional, adult-sized mattresses and foundations rose to a record $1.83 billion for the year. Innerspring mattresses, accounting for more than 90% of conventional mattress sales, showed a 9% dollar gain and topped the billion dollar sales mark. In units, the industry sold nearly 12.8 million innerspring mattresses for 1986, an increase of 7%.

Foam mattresses registered a less than 1% gain in both dollars and units. Wholesale dollars reached $77.3 million for unit sales of just under 1.5 million. Spring foundations showed a 5.3% dollar increase to $513 million, while unit sales rose 1.5% to just over 8 million. Foam foundations improved by 3.6% to $62 million and units were up nearly 4% to 1.4 million.

For 1987, dollar sales are expected to increase by 5% and units are projected to rise by 4.3% according to the ISPA's latest Econometric Forecast. The Association predicts industry volume will slip 1% in 1988 and dollar value will increase about 3%.

SHIPMENTS

Bedding (continued)

The U.S. Bureau of the Census, 1985 Annual Survey of Manufactures, shows the value of shipments of mattresses, and bedsprings, etc. rose by 4.8% in 1985, climbing to $2.2 billion. Shipments of conventional waterbeds were a major factor contributing to the increase with the value of shipments up about 57% the year to $91.6 million.

Dual purpose sleep furniture (such as convertible sofas and chairbeds) recorded a gain of 17% to $482 million in 1985, and accounted for 22.3% of overall bedding shipments, reflecting the demand for furniture which serves multiple functions in smaller living spaces.

Value of Shipments of Bedding
By All U.S. Producers, 1984, 1985

	(Mil. $) 1985	(Mil. $) 1984	% Change 1985/1984
Bedding, total	$2,170.3	$2,071.0	+ 4.8%
Innerspring mattresses, except crib size	770.2	739.8	+ 4.1
Other mattresses, including crib size	115.4	123.8	- 6.8
Foundations	463.8	482.9	- 4.0
Dual purpose sleep furniture	482.1	411.9	+17.1
Sleep system ensembles, excl. water beds	46.9	45.8	+ 2.4
Conventional water beds	91.6	58.4	+56.9
Mattresses & bedsprings, n.s.k.	200.3	208.4	- 3.9

n.s.k. not specified by kind

Source: U.S. Bureau of the Census,
Annual Survey of Manufactures, 1985
Value of Product Shipments M(85)AS-2

Detailed information on shipments by product type, available only from the 1982 Census reports, are shown in the table below.

Quantity & Value of Shipments of Bedding By All Producers,
Detailed By Type: 1982

	Quantity (Thousands of Units)	Value (Millions of $)
Mattresses & bedsprings, total	na	$2,042.6
Innerspring mattresses, excluding crib size	9,375.8	705.3
Other mattresses, incl. crib & inserts	na	159.1
Crib mattresses, all types	na	29.6
Foam core mattresses, excl. crib	na	53.5
All other mattresses	1,160.3	37.0
Mattress inserts for dual purpose furniture:		
Innerspring	na	11.3
Foam	na	3.4
Other mattresses, n.s.k.	na	24.3

(continued)

SHIPMENTS

Bedding (continued)

Quantity & Value of Shipments of Bedding By All Producers, Detailed By Type: 1982
(continued)

	Quantity (Thousands of Units)	Value (Millions of $)
Foundations, excl. innerspring units, hybrid floatation & adjustable ensembles	--	461.3
Spring	na	367.0
Foam	618.5	30.2
All other	na	15.7
Foundations n.s.k.	--	48.4
Dual purpose sleep furniture	--	369.2
Convertible sofas	na	335.9
All other dual purpose sleep furniture	na	30.3
Sleep system ensembles, excluding conventional water beds	--	23.9
Hybrid type floatation ensembles	na	9.9
Air bed ensembles	na	na
Electric adjustable sleep ensemble	na	na
Sleep system ensembles, n.s.k.	na	3.3
Conventional water beds	na	41.3
Mattresses & bedsprings, n.s.k.	na	275.6

na not available
n.s.k. not specified by kind

Source: U.S. Bureau of the Census, 1982 Census of Manufactures, Industry Series, MC82-I-25A

By Geographic Region

California was the leading state for shipments in nine of the 15 categories of furniture and bedding measured by the Census Bureau in 1982, while North Carolina led in four others. California held an 81% share of conventional waterbed ship- ments, 35% of sleep system ensembles, and 33.4% of metal household furniture. North Carolina held a 41% share of wood dining room and kitchen furniture, including cabinets and a 35.2% share of wood bedroom furniture shipments.

The only two categories in which California, or North Carolina did not lead in product shipments were infants' & children's wood furniture (Wisconsin) and metal kitchen furniture (Illinois).

SHIPMENTS

By Geographic Region (continued)

Value of Product Shipments of Household Furniture
By Leading States: 1982
(Millions of dollars)

	1982	Percent of U.S. Total
Wood living room, library, family room and den furniture		
U.S. total	$1,221.7	100.0%
Leading States:		
North Carolina	314.4	25.8
Virginia	148.2	12.2
California	110.2	9.1
Indiana	63.1	5.2
Tennessee	44.5	3.7
Leading states total	680.4	55.7
Wood dining room and kitchen furniture, excl. cabinets		
U.S. total	1,014.7	100.0
Leading States:		
North Carolina	417.6	41.2
Virginia	123.5	12.2
California	63.5	6.3
New York	45.9	4.6
Massachusetts	45.2	4.5
Leading states total	695.7	68.6
Wood bedroom furniture		
U.S. total	1,515.7	100.0
Leading States:		
North Carolina	532.6	35.2
Virginia	300.9	19.9
California	146.5	9.7
Tennessee	109.8	7.3
South Carolina	55.3	3.7
Leading states total	1,145.1	75.6
Infants' and children's wood furniture		
U.S. total	158.8	100.0
Leading states:		
Wisconsin	38.6	24.3
California	20.2	12.8
Leading states total	58.8	37.1

(continued)

SHIPMENTS

By Geographic Region (continued)

Value of Product Shipments of Household Furniture
By Leading States: 1982
(Millions of dollars)
(continued)

	1982	Percent of U.S. Total
Wood, outdoor, unpainted and unassembled furniture		
U.S. total	$ 249.9	100.0%
Leading states:		
California	54.2	21.7
Pennsylvania	20.7	8.3
Georgia	17.9	7.2
New York	16.4	6.6
Indiana	13.0	5.2
Leading states total	122.2	48.9
Metal household dining, dinette and breakfast furniture		
U.S. total	360.7	100.0
Leading states:		
California	120.5	33.4
North Carolina	49.3	13.7
Pennsylvania	22.5	6.3
New York	8.0	2.3
Florida	3.4	1.0
Leading states total	203.7	56.5
Metal kitchen furniture		
U.S. total	61.8	100.0
Leading states:		
Illinois	14.2	23.0
Pennsylvania	5.8	9.4
Leading states total	20.0	32.4
Metal, porch, lawn outdoor and casual furniture		
U.S. total	399.4	100.0
Leading states:		
California	72.3	18.1
Florida	45.4	11.4
Alabama	43.6	11.0
North Carolina	38.5	9.7
Texas	30.4	7.7
Leading states total	230.2	57.7

(continued)

SHIPMENTS

By Geographic Region (continued)

Value of Product Shipments of Household Furniture
By Leading States: 1982
(Millions of dollars)
(continued)

	1982	Percent of U.S. Total
Other metal household furniture		
U.S. total	$ 539.2	100.0%
Leading states:		
California	100.1	18.6
Ohio	78.4	14.6
Illinois	76.6	14.2
Indiana	55.2	10.3
Pennsylvania	38.1	7.1
Leading states total	348.4	64.7
Innerspring mattresses, excluding crib		
U.S. total	705.3	100.0
Leading states:		
California	108.4	15.4
Texas	71.2	10.1
New Jersey	62.9	9.0
Florida	57.5	8.2
Ohio	40.3	5.8
Leading states total	340.3	48.3
Other mattresses, including crib		
U.S. total	159.1	100.0
Leading states:		
California	22.8	14.4
Texas	14.1	8.9
Illinois	13.8	8.7
Massachusetts	13.5	8.5
Ohio	11.7	7.4
Leading states total	75.9	47.7
Foundations		
U.S. total	461.3	100.0
Leading states:		
California	56.7	12.3
Texas	45.2	9.8
New Jersey	38.5	8.4
Ohio	27.2	5.9
Illinois	26.9	5.9
Leading states total	194.5	42.2

(continued)

SHIPMENTS

By Geographic Region (continued)

Value of Product Shipments of Household Furniture
By Leading States: 1982
(Millions of dollars)
(continued)

	1982	Percent of U.S. Total
Dual purpose sleep furniture		
U.S. total	$ 396.2	100.0%
Leading states:		
North Carolina	61.8	15.6
California	60.0	13.2
Mississippi	46.5	11.8
Texas	36.1	9.2
Tennessee	26.2	6.7
Leading states total	230.6	58.2
Sleep system ensembles, except conventional water beds		
U.S. total	23.9	100.0
Leading states:		
California	8.4	35.2
Conventional water beds		
U.S. total	41.3	100.0
Leading states:		
California	33.5	81.2

na not available

Source: U.S. Bureau of the Census,
Census of Manufactures, 1982
Industry Series, MC82-I-25A

PRODUCER PRICES

As of November 1987, producer (factory) prices for all types of household furniture were up 3.1% compared with the same month a year earlier, according to the Bureau of Labor Statistics. The level was 3.6% over the 1986 average. Wood household prices averaged 3.6% higher in November 1987 compared with a year earlier, while prices for upholstered furniture rose 2.7%.

PRODUCER PRICES

Producer Price Indexes for Specified Furniture & Bedding, November 1987 & Annual Averages 1985, 1986

	Index Base Period	Month of November 1987	Annual Average 1986	Annual Average 1985	% Change Nov. 1987/ Nov. 1986
All commodities	1967	311.9	299.8	308.8	+ 4.4%
Household furniture	1967	262.6	253.4	249.5	+ 3.1
Wood household furniture	1967	299.2	286.9	281.0	+ 3.6
Living room furniture	1967	286.7	273.5	266.3	+ 3.3
Tables	1967	285.8	271.5	262.8	+ 3.6
Desks	6/80	136.5	131.3	127.1	+ 2.0
Chairs	6/80	142.9	134.8	137.3	+ 3.5
Credenzas & bookcases	6/80	142.2	139.5	136.1	+ 1.9
Other nonupholstered living room furniture	6/80	133.6	128.1	125.8	+ 2.8
Dining room	1967	320.2	307.4	302.4	+ 4.0
Table	1967	314.4	305.4	298.7	+ 2.9
Chairs	1967	354.0	331.8	321.1	+ 6.8
Buffets & Servers	1967	283.5	293.9	286.1	- 4.5
China & corner cabinets	1967	297.9	278.0	282.3	+ 6.0
Other dining room and kitchen furniture	6/80	118.2	117.6	125.5	+ 1.3
Bedroom	1967	298.1	283.3	276.9	+ 4.8
Beds, except bunk	1967	295.4	290.2	282.9	+ 1.9
Headboard sets	6/80	137.6	131.6	123.4	+ 4.2
Dressers, vanities, & dressing tables	1967	288.1	273.6	273.4	+ 5.1
Night tables & stands	6/80	145.4	138.6	132.5	+ 4.1
Chests	1967	290.2	274.4	269.2	+ 5.2
Wardrobes	6/80	134.9	133.2	127.7	+ 0.6
Other nonupholstered bedroom furniture	6/80	136.7	133.7	131.8	+ 2.2
Other wood household furniture	6/80	117.4	116.3	115.2	-0-
Unpainted wood furniture	6/80	133.9	130.5	127.3	+ 1.7
Upholstered household furniture	1967	237.2	228.9	226.3	+ 2.7
Sofas, incl. sectional sofa pieces	1967	240.2	229.6	227.1	+ 3.5
Chairs, incl. rockers & recliners	1967	232.9	228.3	225.4	+ 1.4
Sofa beds, convertible	1967	229.4	219.2	216.5	+ 3.4
Other upholstered furniture	6/82	122.9	116.9	113.4	+ 3.5
Metal household furniture	1967	221.0	215.0	212.2	+ 1.4
Porch & lawn furniture	1967	301.9	294.2	299.5	+ 5.1
Bedding	1967	225.9	221.0	215.1	+ 2.8
Mattresses, innersprings, other than crib	1967	225.9	226.9	220.3	+ 0.7
Bedsprings	6/83	106.7	103.2	102.1	+ 3.5

Source: U.S. Bureau of Labor Statistics

FOREIGN TRADE

U.S. furniture imports slowed for the third consecutive year in 1987, according to the International Trade Administration. Imports, however, were still up an estimated 15% to more than $3.7 billion - 18% of apparent U.S. consumption (a measure of value of shipments by U.S. manufacturers during the year, less exports, plus the value of imports). This slowdown, from the 22% increase of 1986, can be partially attributed to declines in the value of the dollar relative to foreign currencies -- making imports more expensive. Imports from West Germany, Denmark, and Japan, three of the top 10 furniture suppliers to the United States, declined in the first half of 1987 compared with 1986. The Bureau of Labor Statistics Import Price Index for furniture increased 6.4% between June 1986 and June 1987.

Taiwan is the number one foreign furniture supplier, accounting for one-third of total U.S. furniture imports. As prices are expected to increase late in 1987, U.S. firms importing from Taiwan may look at other countries such as Mexico, Thailand, and Indonesia for their low-end wood furniture lines. Still, Taiwan was expected to increase its shipments to the United States by over 30% in 1987, exceeding the $1 billion mark for the first time. It was only in 1982 that furniture imports from all countries first exceeded $1 billion.

Many of the major furniture suppliers, including Taiwan, are Generalized System of Preferences beneficiaries, which permits duty-free imports from developing countries. Taiwan, Romania, and Yugoslavia lost their duty-free status on most of their furniture exports.

Strong furniture demand in Canada and the decline in the value of the dollar versus European and Japanese currencies resulted in a turnaround in U.S. exports in 1987, following declines in four of the past 5 years. U.S. exports of household furniture in the first half of 1987 increased 15% over those in the same 1986 period. Shipments to Canada rose 23% as a strong housing market produced demand similar to that in the United States. Increases also occurred in exports to the Bahamas, Japan, the United Kingdom, West Germany, and Australia.

Foreign Trade in the Furniture & Bedding Industry, 1984-1987

	1987(e)	1986	1985	1984	% Change 1987/1986	Compound Annual Growth Rate 1980-1985
Value of Imports*	3,721	3,236	2,646	2,010	+15.0	+ 25.5
Import/new supply ratio	0.178	0.168	0.148	0.119	+ 6.0	+ 18.3
Value of Exports	183	159	165	208	+15.1	- 3.9
Exports/shipments ratio	0.011	0.010	0.011	0.014	+10.0	- 7.2

(e) estimated
* Includes an indeterminant amount of office furniture.
New supply is the sum of product shipments plus imports

Source: International Trade Administration
U.S. Department of Commerce
1988 U.S. Industrial Outlook

THE POTENTIAL MARKET

Households/Homes

Recent trends indicate more new family households and a slowing of people living alone.

According to the Census Bureau's Current Population Reports, there were 89.5 million households in March 1987, a net increase of about one million over the previous year. However, the number of households has increased by an average of 1.2 million a year since 1980, well below the 1.6 million annual increase in the 1970's.

Number of U.S. Households by Type, 1984-1987
(in thousands as of March of each year)

	1987	1986	1985	1984	% Change 1987/86	% Change 1987/84
Households, total	89,479	88,458	86,789	85,290	+ 1.2	+ 5.0
Family households, total	64,491	63,558	62,706	62,015	+ 1.5	+ 4.0
Married couple family	51,537	50,933	50,350	50,081	+ 1.2	
Nonfamily households, total	24,988	24,900	24,082	23,276	+ 0.4	+ 7.4
Living Alone	21,128	21,178	20,602	19,847	- 0.3	+ 6.5
Average household size (number)	2.66	2.67	2.69	2.71		

Source: U.S. Bureau of the Census
Households, Families, Marital Status and Living Arrangements, P-20-No. 417

(Detailed information on population, households and families, including living arrangements, is covered in the Consumer Market Development Fact File, 1987.)

Housing starts and sales trends are indicators of forthcoming trends, to some extent, in consumer spending for furniture. For all of 1987, 674,000 new houses were sold, down from 750,000 in 1986 and the fewest since the 639,000 sold in 1984. The median price of new homes was $103,900, up 12.9% from $92,000 in 1986. By comparison, six years earlier, the median price was $69,000. Home ownership has been declining, mainly due to high costs.

Of total new private homes sold in 1987, 17.4% were in the Northeast, 14.5% in the Midwest, 40.2% in the South, and 27.9% in the West. Construction of new homes dropped 10.4% in 1987 to the lowest level since 1982. For 1988, economists for housing trade associations expect about 1.5 million starts, down from 1.6 million in 1987, and 1.8 million in 1986, and yet another sign are the brakes on the recent growth in new housing units. Much of the decline in 1987 was in multi-family projects, which dropped 24% due to changes in the tax laws and high vacancy rates. Single family starts declined only 3%.

Households/Homes (continued)

Top metropolitan areas in 1987 experienced declines in housing starts according to the National Association of Home Builders (NAHB).

Top Ten Housing Starts by Metropolitan Area

	1985	1986	1987*	% Change 1986/87
Los Angeles-Anaheim Riverside	118,532	128,000	128,000	0.0%
Atlanta	51,430	55,280	49,755	-11.6
Chicago	27,715	36,490	38,660	+ 5.9
San Diego	37,034	37,520	35,200	- 6.2
San Francisco-Oakland-San Jose	41,700	40,100	35,000	-12.7
Washington, D.C.	34,500	36,100	34,100	- 5.5
Phoenix	49,500	43,500	34,000	-50.8
Dallas-Ft. Worth	73,070	49,960	31,860	-36.2
Tampa-St. Petersburg-Clearwater	32,219	31,688	30,990	- 2.2
Seattle-Tacoma	24,390	27,050	24,350	-10.0
Detroit	20,797	22,744	22,300	- 2.0

Source: National Association of Home Builders,
Metro Forecast, December 1986
National Home Furnishings Association
Competitive Edge, March 1987

Trends in New Private Housing Starts: 1981-1987
(Thousands of units or homes)

Year	Total	1-unit	2-4 units*	5 or more units*	Units Completed	New Private Homes Sold
1981	1,084.2	705.4	91.1	287.7	1,265.7	436
1982	1,062.2	662.6	80.0	319.6	1,005.5	412
1983	1,703.0	1,067.6	113.5	522.0	1,390.3	623
1984	1,749.5	1,084.2	121.4	544.0	1,652.2	639
1985(r)	1,741.8	1,072.4	93.4	576.1	1,703.3	688
1986	1,805.4	1,179.4	84.0	542.0	1,756.4	750
1987(p)	1,617.1	1,143.7	65.3	408.2	1,635.0	674

* A unit is a structure which contains domiciles for one or more households.
(p) preliminary
(r) revised

Source: U.S. Department of Commerce and
U.S. Department of Housing and Urban Development

Households/Homes (continued)

Of housing structures completed in 1986, totaling 1,805,400, 65.3% (or 1,179,400) were one-family houses. Structures with 2-to-4 housing units accounted for 4.7%, 5 or more units, 30.0%. Completions of new one-family homes in 1986 gained 3.1% over the 1985 total and rose 38.8 % over the 1982 total. Completions of multifamily holdings, which totaled 636,000 in 1986, represented a gain of 70.1% over the 1982 total but were only 1% higher than in 1985.

Most (78.8%) of the new one-family homes completed in 1986 had three or more bedrooms. This compares with 75.2% in 1985, and 76.4 % in 1984. There were 636,000 units in multifamily buildings completed in 1986, and of these, over half (53.3%) had two bedrooms, 37% had one bedroom. Comparable figures in 1982 were 52.2% and 36.4%, respectively.

The average new single family house was 1,825 square feet, the largest since the Census Bureau began tracking these numbers. The share of one family houses completed with three bedrooms or more has risen from 76% in 1982 to almost 79% in 1986. However, apartments were smaller than in recent years, averaging 911 square feet.

Selected Characteristics of New One-Family Houses
And Of New Units in Multifamily Buildings Completed in 1982, 1984, 1985, 1986
(in thousands of units)

	1986	1985(r)	1984	1982
One family houses:				
Total completed	1,120	1,072	1,025	632
Bedrooms per units:				
2 or less	238	266	243	152
3 bedrooms	657	611	595	367
4 bedrooms or more	225	195	188	113
Average size, entire house (sq. ft.)	1,825	1,785	1,780	1,710
Median size, entire house (sq. ft.)	1,660	1,605	1,605	1,520
Units in multifamily buildings:				
Total completed	636	631	627	374
Bedrooms per unit:				
Efficiencies	20	14	14	6
1 bedroom	235	227	231	136
2 bedrooms	339	343	334	195
3 bedrooms	42	47	48	37
Average size (entire unit) (sq. ft.)	911	922	914	990
Median size (sq. ft.)	876	882	871	925

(r) revised

Source: U.S. Department of Commerce &
U.S. Department of Housing & Urban Development
Characteristics of New Housing, 1986 (C25-86-13)

Households/Homes (continued)

About 64.2% of all occupied housing units in the U.S. in the third quarter of 1987 were occupied by their owners. On a regional basis, the lowest rate of owner occupancy (58.9%) was in the West. In the Northeast, the rate was 61.8%; in the Midwest, 67.8%, in the South, 66.2%.

The National Association of Realtors predicts sales of existing homes will fall to 3.5 million units this year. About 46 million people moved from one house or apartment to another from March 1984 to March 1985 compared with some 39 million in the previous 12 months, according to the Commerce Department's Census Bureau. The geographical mobility rate which had drifted as low as 16% in the 1970's and early 1980's, snapped back to a more traditional level of 20.2% in 1985.

Two thirds of all movers, some 30 million, moved within the same county. The remainder was divided between those moving between counties in the same state (17.2%) and those moving between states (14.9%) and from abroad (3.1%).

The South showed no significant net gain for the first time in several decades. However, the West recorded a net increase of 260,000 people. The net losses for the Midwest, (211,000) and the Northeast (209,000) followed a trend of many years. The reports show that moving rates are highest for those in their twenties and decline with increasing age. According to trade sources, people who move account for about one-quarter of furniture and bedding sales.

CONSUMER EXPENDITURES FOR FURNITURE

After increasing 6.1% between 1984 and 1985, personal consumption expenditures for furniture and bedding rose 8.9% in 1986 reaching $30.6 billion. These expenditures cover the value at retail of goods reaching the consumer through all channels, including direct sales by manufacturers or wholesalers.

Total U.S. personal consumption expenditures rose 6.5% in 1986 to $2,799.8 billion from $2,629.4 billion in 1985. Furniture and bedding shares of personal consumption expenditures was about 1% of total expenditures. However furniture held a 7.6% share of total spending for durable goods in 1986, compared with 12% in the early 1960's, and 9.1% in 1972.

CONSUMER EXPENDITURES FOR FURNITURE

U.S. Personal Consumption Expenditures & Share Accounted for by Furniture & Bedding, 1983-1986
(Billions of dollars)

	1986(p)	1985(r)	1984(r)	1983(r)	% Change 1986/85	% Change 1986/83
Personal consumption expenditures:						
U.S. total	2,799.8	2,629.4	2,430.5	2,234.5	+ 6.5	+25.3
Furniture & bedding	30.6	28.1	26.5	23.8	+ 8.9	+28.6
% of total expenditures	1.10%	1.07%	1.09%	1.07%		

(p) preliminary (r) revised

Source: U.S. Department of Commerce, Bureau of Economic Analysis: Survey of Current Business, (July 1987)

Household Expenditures

The Bureau of Labor Statistics compiled annual surveys among a nationwide sample of households to determine patterns in purchases through retail outlets in order to weigh the components of the Consumer Price Index. Based on average spending for furniture and bedding per U.S. household, the following sales by type of furniture and bedding are estimated for 1985.

Household Expenditures For Furniture & Bedding: 1985
(Millions of dollars)

	Expenditures	Total
Furniture & bedding, total	$26,121	100.0%
Living room chairs	3,015	11.5
Living room tables	1,424	5.5
Sofas	5,314	20.3
Occasional furniture	3,627	13.9
Bedroom furniture	3,495	13.4
Mattresses & springs	3,187	12.2
Infants' furniture	457	1.8
Outdoor furniture	1,080	4.1
Kitchen/dining room furniture	4,522	17.3

Source: Based on U.S. Bureau of Labor Statistics, Consumer Expenditure Survey: 1985

CONSUMER EXPENDITURES FOR FURNITURE

Household Expenditures

The aging of the baby boom population, which will be the fastest growing segment between 1987 and 1992, has positive implications for consumer demand during the next five years, according to the US Industrial Outlook. A 1986 survey by Mendelsohn Media Research reported that while only 15% of U.S. households had incomes exceeding $50,000 annually, those households accounted for 44% of total personal income. Of the households with incomes exceeding $50,000, 29% were headed by 35 to 44 year-olds and 26% by 45 to 54 year-olds. More importantly for the furniture industry, the Mendelsohn survey found that households making $50,000 and over spent $15.8 billion on furniture in 1986, or an average of $1,823 per household.

The BLS study, referred to in the previous table, includes details on average spending per household based on age of household head, on income, on housing tenure, race and other measurements. Details from the 1985 survey were released in September 1987.

The average spending per household on furniture and bedding for all households was reported at $285.28; for households with income of $40,000 or more, the amount was $635.61. These averages, it should be noted, are averages for consumer units in total within the classification under study, regardless of whether or not a particular unit incurred an expense for furniture or bedding. In the 1985 reporting period, 13.91% of the households reported making such a purchase every three months.

Urban Household Expenditures For Furniture
Average Spending By Age of Householder: 1985

	Total	Under 25	25-34	35-44	45-54	55-64	65-74	75 & Over
Number of consumer units (thous.)*	91,564	8,146	20,478	18,527	12,712	13,056	11,302	7,343
Percent of Total	100.0%	8.9	22.4	20.3	13.9	14.3	12.4	8.1
Average age of householder* (years)	46.8	21.4	29.6	39.1	49.2	59.5	69.3	80.7
Average size of household (persons)	2.6	1.8	2.7	3.4	3.1	2.4	2.0	1.6
Average household income after taxes	$22,887	10,888	23,025	29,642	30,354	24,648	17,170	11,553
Avg. expenditure per household:								
All homefurnishings & equip.	$853.54	452.73	915.57	1108.31	1138.0	837.65	648.24	334.23
Furniture	285.28	186.61	363 75	372.40	376.93	226.47	183.58	58.55
Percent reporting purchase per quarter	13.91%	13.19%	17.43%	17.47%	16.01%	11.60%	7.81%	5.82%

* A consumer unit is an urban household. The householder is the person who is the owner or renter of the premises at the time of the interview.

CONSUMER EXPENDITURES FOR FURNITURE

Household Expenditures

By Household Income Before Taxes

	Total Reporting Income	Less Than $5,000	$5,000 to 9,999	$10,000 to 14,999	$15,000 to 19,999	$20,000 to 29,999	$30,000 to 39,000	$40,000 and Over
Number of consumer units (thous.)*	81,221	9,747	12,748	10,607	8,397	14,161	10,029	15,532
Percent of Total	100.0%	12.0%	15.7%	13.1%	10.3%	17.4%	12.4%	19.1%
Average age of householder* (years)	46.6	45.0	54.9	48.9	46.7	43.0	43.2	44.7
Average size of household (persons)	2.6	2.0	2.1	2.3	2.4	2.7	2.9	3.3
Average household income after taxes	22,887	1,710	7,197	11,710	16,292	22,734	31,023	55,148
Avg. expenditure per household:								
All homefurnishings & equip.	$861.61	353.46	336.98	515.08	574.02	814.93	1122.06	1877.57
Furniture	280.52	108.25	104.48	173.90	172.62	269.78	340.08	635.61
Percent reporting (per quarter)	14.25%	7.98%	7.24%	11.38%	12.99%	15.82%	18.78%	22.20%

* Total excludes 10,343 thousand households for which income was not reported.

By Housing Tenure

	Total	Homeowner	Renter
Number of consumer units (thous.)	91,564	56,690	34,874
Percent of Total	100.0%	61.9%	38.1%
Average age of householder (years)	46.8	51.3	39.4
Average size of household (persons)	2.6	2.9	2.1
Average household income after taxes	$22,887	$27,547	$15,334
Average expenditure per household:			
All homefurnishings & equipment	853.54	1,067.22	506.19
Furniture	285.28	339.07	197.83
% reporting (per quarter)	13.91%	15.27%	11.71%

Source: U.S. Bureau of Labor Statistics
Consumer Expenditure Survey 1985
September 1987

RETAIL SALES BY PRODUCT

The Bridal Market

A bridal market study, conducted for Modern Bride Magazine in 1984, surveyed newlywed women to determine purchases, retail sales, and average total expenditures of furniture and bedding during the bridal period (six months before to six months after the wedding).

The bridal market represents only 3% of all households but accounts for a disproportionate share of furniture and bedding sales. For example, the bridal market accounts for 17% of all bedroom furniture sold, 12.5% of kitchen and 11% of dining room furniture.

Marriages brought about 2.4 million couples into the market for furniture in 1986. A sizable number of remarriages, 33.6% of all weddings, follow the pattern of the first marriage market, especially if the brides are young. Both bridal groups -- first marriage and remarriage -- must make their purchases within the relatively short time surrounding their marriage and will spend up to $3,800 on furnishings for their new home.

Newlyweds spent $1,988 million on furniture and bedding in 1984, representing 10.4% of national retail sales. Purchases by those remarrying represented 28% of the bridal market.

Bridal Market Share of Total National Annual Retail Sales

Category/Product	Total Bridal Market Sales (Millions)	Total National Retail Sales (Millions)	Bridal Market Share of National Sales	Acquired During Bridal Period (Percent)
Furniture and Bedding				
Bedroom Furniture	$ 587.6	$ 3,471.0	16.9%	27.0%
Living Room Furniture	746.0	7,670.0	9.7	33.2
Dining Room Furniture	284.5	2,590.0	11.0	20.1
Kitchen Furniture	120.4	963.2	12.5	17.9
Outdoor or Patio Furniture	30.3	1,265.4	2.4	8.[illegible]
Convertible Sofas/Sofa Beds	79.7	1,027.0	7.8	7.2
Mattresses and Boxsprings	139.4	2,245.6	6.2	21.5
Total	$1,987.9	$19,232.2	10.4%	

	Average Sales Per Bride Acquiring	First Marriage Bridal Market (Millions)	Remarriage Bridal Market (Millions)
Furniture and Bedding			
Bedroom Furniture	$ 884	$ 421.5	$ 166.1
Living Room Furniture	933	547.8	198.2
Dining Room Furniture	602	194.8	89.7
Kitchen Furniture	288	83.5	36.9
Outdoor or Patio Furniture	145	14.7	15.6
Convertible Sofas/Sofa Beds	448	64.1	15.6
Mattresses and Boxsprings	268	104.7	34.7
Total		$1,431.1	$ 556.8

Source: Modern Bride Magazine:
A Summary of Bridal Market Retail Expenditures, 1984

RETAIL SALES BY PRODUCT

Ready to Assemble/Knockdown Furniture

Knockdown, ready to assemble furniture rang up less than $2 billion in sales in 1987, a modest amount compared to the $27.7 billion in furniture sales. This category, however, has been rapidly expanding. While RTA claims only 4 to 7% of the market, sales nearly doubled in the past 5 years, according to industry observers.

Distribution is expanding into new channels. Major department stores shelved the concept in the 1970's, due to low sales, but recent higher quality products at attractive prices have brought them back. Lifestyle RTA furniture is being merchandised in vignette settings separate from other department store furniture. Discount chains are cashing in on strong sales of ready-to-assemble furniture as consumers appear more receptive to the improved quality and style of these products. It is estimated that discounters handle 33% of the total $500 million domestic and imported shipments. Specialty retailers increasingly use catalogues to focus on lifestyle, ready to assemble, upscale and imported furniture categories. Better quality RTA has been a boon to specialty home furnishing stores such as Conran's and IKEA.

In the past, entertainment centers, utility carts and storage units were the industry's big sellers. The explosion in electronic products also helped open other distribution channels such as electronic retailers and mail order office supply and expanded RTA into furniture stores, where pre-assembled units dominate.

Now many retailers and manufacturers believe consumers are ready for RTA furniture in other rooms in the house, such as the bedroom. In addition, the home office is emerging as a major market opportunity for ready-to-assemble manufacturers. The number of home offices, currently pegged at 27 million, is expected to grow substantially, according to industry sources. Consumer demand for lifestyle RTA is also up from singles living in apartments, recent grads and second homeowners.

A complete census of retail trade covering all retail outlets with payroll, is compiled by the Census Bureau, U.S. Department of Commerce every five years.

Total Homefurnishings Sales & Furniture & Bedding Sales
Through Retail Outlets, 1982
(Includes only retail establishments with payroll)

	Establishments	Sales	
		Thous. $	Percent
Homefurnishings & equipment, reported classifications, total	--	$84,399,182	100.0%
Furniture & bedding (sleep equipment)	67,720	19,086,032	22.6

Source: U.S. Bureau of the Census,
1982 Census of Retail Trade, RC82-1-3

Furniture stores were the major outlets for furniture and bedding, accounting for 73.9% of reported sales through retail outlets with payroll, and 43.7% of all establishments in 1982. Department stores accounted for 16.2% of reported sales in 1982. Sales of all furniture and bedding, through 67,720 outlets, totaled $19 billion in 1982.

Furniture & Bedding Sales By Major Outlet Type, 1982
(In retail establishments with payroll)

	Establishments		Sales By Outlet Type	
	Number	Percent	Thous.$	Percent
Furniture & bedding, total	67,720	100.0%	$19,086,032	100.0%
General merchandise store group*	15,695	23.2	3,440,727	18.0
Department stores*	8,162	12.1	3,099,952	16.2
Furniture, homefurnishings stores	34,031	50.3	14,577,834	76.4
Furniture stores	29,609	43.7	14,095,074	73.9
Nonstore retailers:				
Mail order houses**	3,142	4.6	257,208	1.3
Other retailers	14,852	21.9	810,263	4.3

* Leased departments are not included but are counted as separate establishments. Department stores include discount department stores as well as conventional department stores; and department stores operated by national mail order chains (such as Sears).

**Catalog order desks are included in the sales of the stores in which they are located.

Source: U.S. Bureau of the Census,
1982 Census of Retail Trade, RC82-1-3

Furniture Stores

According to the 1982 census, 24,926 firms were operating 29,609 furniture stores with payroll that year. Sales in furniture stores (with payroll) that year totaled $17.2 billion, of which furniture and bedding represented 81.8%; major appliances, 4.8%; kitchenware/housewares, 4.0%; the remainder, 9.4%.

The number of furniture store firms with a volume of $5.0 million or more totaled 313 in 1982. Firms with a volume of $5.0 million or more accounted for 1.3% of the firms operating stores with payroll in 1982, 8.7% of store locations had a 31.6% share of sales. (These figures are based on those operating the entire year--of which there were 23,898 in 1982 vs. 24,926 operating anytime in the year).

The 20,586 furniture store firms with volume of less than $1.0 million in 1982--86.1% of the total in this classification (with payroll)--operated about 75% of the stores, but had a share of only 36% of sales.

Furniture Stores (continued)

Furniture Store Operations By Site of Firms: 1982
(Retail establishments with payroll)

	No. of Firms	Percent of Total Firms	Stores	Sales
Total	23,898*	100.0%	100.0%	100.0%
Annual sales of firms:				
$10.0 million or more	126	0.5	6.0	24.1
$ 5.0 mil. - $ 9.9 mil.	187	0.8	2.7	7.5
$ 1.0 mil. - $ 4.9 mil.	2,999	12.5	16.5	32.7
Less than $1 million	20,586	86.1	74.9	35.7

* Firms in operation the entire year. (24,926 firms were in operation anytime during the year.)

Source: U.S. Bureau of the Census,
1982 Census of Reatil Trade RC82-1-3

Furniture store firms operating more than one store have increased in importance. Multi-unit operations of 10 or more stores held a share of furniture store sales of over 16% in 1982. Those operating two or more stores held a 45% share.

Furniture Store Single & Multi-Unit Operations: 1982
(Retail establishments with payroll)

	Percent of Total Firms	Stores	Sales
Total	100.0%	100.0%	100.0%
Single-unit organizations	90.0	75.8	54.5
Multi-unit organizations	10.0	24.2	45.5
Operating: 2-4 stores	9.0	14.6	22.5
5-9 stores	0.7	3.8	6.9
10 or more stores	0.3	5.8	16.1
50 or more stores	*	2.3	7.2

* Less than 0.1%.

Concentration of Largest Furniture Store Firms: 1982
(Retail establishments with payroll)

	Stores	Sales (mil. $)	Percent of Sales Stores	Sales
All firms*	26,609	$17,223.4	100.0%	100.0%
4 largest firms	187	875.4	0.6	5.1
8 largest firms	387	1,327.5	1.3	7.7
20 largest firms	696	2,122.2	2.4	12.3
50 largest firms	1,216	2,974.6	4.1	17.3

* Based on 24,926 firms in operation anytime during the year 1982.

Source for both tables: U.S. Bureau of the Census
1982 Census of Retail Trade

Furniture Stores (continued)

Sales volume figures are reported for furniture stores with payroll in operation the entire year 1982--of which there were 28,372 with sales totaling $16.4 billion (out of the total of $17.2 billion reported for stores in operation anytime during the year).

Over half (54.9%) of furniture stores (with payroll) sales in 1982 were concentrated among furniture stores with sales of $1.0 million or more--4,099 stores, or 14.4% of the total count.

Detailed 1982 census data on stores (and merchandise lines) is limited to retail establishments with payroll. In 1977, however, the census showed a total of 36,210 furniture stores in operation, of which 8,211 had no paid employees. While such stores represented 22.7% of the total store count, they accounted for only 2.7% of furniture store sales.

Furniture Stores (In Operation Entire Year) By Sales Size: 1982
(Retail establishments with payroll)

	1982		Percent of Total	
	Stores	Sales (mil. $)	Stores	Sales
Total	28,372	$16,416.3	100.0%	100.0%
Annual sales:				
$ 5.0 mil. or more	231	2,145.3	0.8	13.1
2.5 mil. -- $ 4.9 mil.	596	2,020.3	2.1	12.3
1.0 mil. -- $2.49	3,272	4,842.1	11.5	29.5
0.5 mil. -- $0.9	5,164	3,602.5	18.2	21.9
Under $500,000	19,109	3,806.1	67.4	23.2

Source: U.S. Bureau of the Census,
1982 Census of Retail Trade

Current information on total furniture store sales is published by the Census Bureau in the Monthly Retail Trade report series. These sales figures are estimates for all stores -- including those with payroll and those without paid employees. In County Business Patterns, the Bureau publishes estimates on an annual basis covering the number of stores with payroll.

Retail sales in furniture stores amounted to $27.2 billion in 1987, an increase of 4.7% over 1986. By comparison, in 1986, sales increased 9.8% over 1985. Sales in November and December of 1987 represented a lower share of the total than in previous years, reflecting consumer lethargy during that period.

RETA[illegible]RES BY STORE TYPE

Furniture Stores (continued)

Furniture Stores: Number of Stores & Total Sales - 1984-1987

	1987(p)	1986	1985(r)	1984(r)	% Change 1987/86	% Change 1986/85
Total furniture sales (mil. $)	$27,257	$26,034	$23,714	$22,143	4.7%	9.8%
Number of stores (with payroll)	na	na	29,331	29,996	na	na

(p) preliminary (r) revised na not available

Source: U.S. Bureau of the Census, Monthly Retail Trade; County Business Patterns, 1985

Seasonal Pattern in Furniture Store Sales
Percent of Year's Sales By Months, 1984-1987

Year	Total	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1987	100.0%	7.6%	7.4%	8.5%	8.1%	8.5%	8.4%	8.4%	8.5%	8.3%	8.5%	8.6%	9.2%
1986	100.0	7.4	6.9	7.8	7.6	8.4	8.2	8.4	8.9	8.7	8.8	9.1	10.0
1985	100.0	7.4	7.1	8.0	7.7	8.4	8.2	8.1	8.9	8.2	8.6	9.4	10.0
1984	100.0	7.3	7.2	8.1	7.8	8.3	8.6	8.1	8.8	8.2	8.7	9.2	9.7

Source: Based U.S. Bureau of the Census
Revised Monthly Retail Sales & Inventories (BR-13-86S)

In 1985, 29,331 stores employed 224,708 workers with an annual payroll of $3.3 million. Small stores, employing one to four workers, accounted for half of all stores but only 12.2% of total annual payroll. On the other hand, although only 15.7% of stores have 10 to 19 workers, these stores represent roughly 27% of all employees and 27% of total annual payroll.

Furniture Stores By Employee Size: 1985

	Stores No.	Stores %	Employees No.	Employees %	Annual Payroll Thous. $	Annual Payroll %
Total	29,331	100.0%	224,708	100.0%	$336,144	100.0%
Employment size:						
1 to 4	14,758	50.4	30,427	13.5	407,272	12.2
5 to 9	7,902	26.9	52,553	23.4	712.376	21.4
10 to 19	4,619	15.7	61,137	27.3	909,688	27.2
20 to 49	1,670	5.7	46,502	20.7	744,295	22.3
50 to 99	285	1.3	19,173	8.5	321,941	9.7
100 to 249	91		12,605	5.6	206,134	6.2
250 or more	6		2,311	1.0	34,438	1.0

Source: U.S. Bureau of the Census, County Business Patterns, 1985

RETAIL SALES BY STORE TYPE

Furniture Stores (continued)

The 25 Leading Furniture Stores, 1985, 1986
Sales (Mil. $)

		1986	1985	% Change 1986/85	Number of Stores 1986	Sales Per Square Foot 1986
1	Levitz, Miami	$839.5	$787.1	+ 6.7%	105	$162
2	Rhodes, Atlanta	234.5	197.3	+18.9	83	112
3	Seaman's, Uniondale, NY	230.0*	168.0*	+36.9	27	450
4	Breuners, San Ramon, CA	215.0*	209.0*	+ 2.9	17	133
5	W.S. Badcock, Mulberry, FL	210.0	190.0	+10.6	235	105
6	Haverty's, Atlanta	188.7	176.6	+ 6.9	72	133
7	Pier One, Fort Worth	181.6	140.7	+29.1	350	114
8	Reliable, Columbia, MD	155.0	160.0	- 3.2	97	na
9	Heilig-Meyers, Richmond, VA	141.0	94.8	+50.0	226	na
10	Wickes, Wheeling, IL	135.0*	135.0*	--	16	na
11	Nebraska Furniture Mart, Omaha	132.0	120.0	+10.0	1	644
12	Art Van, Warren, MI	110.0*	na	--	13	na
13	Finger's, Houston	110.0*	97.0*	+13.4	8	na
14	Scandinavian Design, Natick, MA	108.0	103.0	+ 4.9	68	355
15	RB Furniture, Santa Ana, CA	105.0	115.0	- 8.7	53	120
16	Value City, Columbus, OH	100.7	95.0	+ 6.0	30	na
17	McMahon's,Carlsbad, CA	94.2	na	--	88	74
18	McMahon's, Santa Monica, CA	90.0	na	--	61	na
19	Cousin's, San Diego	81.8	110.8	-26.2	23	192
20	Huffman Koos, Hackensak, NJ	79.0*	69.8*	+13.2	9	na
21	Big Sur, Denver+	73.0*	na	--	48	na
22	Barker Bros., Los Angeles, CA	68.5*	60.5*	+13.3	12	na
23	Sun Valley Waterbeds, Phoenix+	67.6	48.0	+40.9	67	123
34	Scandinavian Design, Evanston, IL	64.6	67.7	- 4.6	87	113
35	General Home Furnishings, Rochester, NY	58.2	51.0	+14.2	89	96

* An HFD estimate
+ bedding specialist
na not available

Source: HFD - The Weekly Home Furnishings Newspaper
June 22, 1987

Department Stores

As previously noted, in the 1982 Census of Retail Trade, which is the latest official source of information on sales by type of outlet, department stores accounted for 16.2% of total furniture and bedding sales in retail outlets with payroll that year. A detailed breakdown in reported sales was reported as noted below.

Department Stores (continued)

Department Store Sales of Furniture & Bedding, 1982

	Establishments*		Sales of specified merchandise lines		
				Percent of total sales of	
	Number	Percent	Sales (thous.$)	Estabs. selling the line	All Estabs.
Department stores, total	9,981	100.0%	$99,170,163	—	100.0%
Furniture & bedding	8,162	81.8	3,099,952	3.6%	3.1
Upholstered furniture	3,367	33.7	726,878	1.4	0.7
Other living room, dining room, bedroom furniture	3,798	38.0	785,545	1.5	0.8
Bedding, sleep furniture, mattresses, etc.	3,725	37.3	808,595	1.5	0.8
All other furniture	6,954	69.7	782,934	1.1	0.8

* Each store location is separately counted as an "establishment". Department stores include both traditional department stores and discount department stores which meet the definition of this store type under the Standard Industrial Classification (SIC) system. Department stores operated by mail order chains (such as Sears) are included in the above table. (By definition, all department stores have 25 or more paid employees.)

Information on typical merchandising and oeprating results (medians) for department stores by department are compiled annually by the National Retail Merchants Association.

Selected 1986 Merchandising & Operating Results in Furniture & Bedding Departments in Department Stores in Specified Sales Volume Groups
(Median Results)

	Total Store Sales	
	$2 Million & Over	$100 Million & Over
Total number reporting	(44)	(23)
Net sales, % change from last year	3.0	8.3
Sales, % of total store	3.2	4.3
Cumulative markon, %	46.5	46.5
Gross margin, % of net sales	37.1	39.8
Markdowns, % of net sales	12.5	12.5
$ sales per sq. Ft. of selling space	74.5	na
Number of stock turns (times)	1.9	2.3

na not available

Source: National Retail Merchants Association
Merchandising & Operating Results 1987 Edition

RETAIL STORES BY SALES TYPE

Department Stores (continued)

The 25 Department Stores Leading In Furniture Sales, 1986, 1985

		Furniture Sales (Mil. $) 1986	1985	% Change 1986/85	Number of Branches Carrying Furniture 1986
1	Sears+	$750.0*	na	--	800
2	Montgomery Ward+	530.0*	na	--	400
3	J.C. Penney	400.0*	na	--	320
4	Macy's, NY/Macy's, NJ	154.0*	$140.0*	+ 10.0	24
5	Bloomingdale's	70.0*	56.7*	+ 23.5	14
6	Dayton Hudson	68.0	na	--	16
7	Macy's California	65.0*	60.0*	+ 8.4	15
8	The Broadway	55.6*	52.5*	+ 5.9	40
9	Abraham & Strauss	54.25*	50.2*	+ 8.2	13
10	Burdines	49.5*	45.4*	+ 9.1	18
11	Marshall Field	40.0	na	--	4
12	Mercantile Stores	39.7*	35.0*	+ 13.5	22
13	May Co., CA	38.7*	36.2*	+ 6.9	30
14	The Bon	38.4	31.7*	+ 21.2	13
15	Foley's	37.5	37.5*	--	14
16	Emporium Capwell	35.0	32.1*	+ 9.1	19
17	Woodward & Lothrop	33.9*	30.5*	+ 11.2	15
18	Macy's Atlanta	33.0*	na	--	17
19	Rich's	32.5*	25.0*	+ 30.0	17
20	Hecht's	32.2*	30.2*	+ 6.7	18
21	Jordan Marsh, Boston	31.0*	28.9*	+ 7.3	12
22	Bullock's	27.5*	25.0*	+ 10.0	17
23	Lazaraus	26.3*	23.3*	+ 12.9	23
24	Robinson's	26.3*	na	--	17
25	Stern's	23.5	17.8*	+ 32.1	11

+ The national chains, Sears, Montgomery Ward and J.C. Penney are included for the first time in HFD's Top Department Stores list.
* Estimated figures
na not available

Source: HFD - The Weekly Home Furnishings Newspaper
June 22, 1987

RETAIL SALES: REGIONS/METROPOLITAN AREA

The regional pattern in furniture and bedding sales, based on estimates compiled by Sales & Marketing Management magazine, shows the South Atlantic region accounting for 19.3% of sales in 1986, followed by the Middle Atlantic region with a 16.4% share.

On a metropolitan area basis, New York is credited with the largest share (4.3%) of 1986 sales, followed by Los Angeles/Long Beach.

Estimated Furniture & Bedding Sales by Region, 1986
($ Mil.)

	Sales	% of US Total
Total U.S.	$ 30,742.2	100.0%
New England	1,714.8	5.6
Middle Atlantic	5,054.5	16.4
East North Central	4,750.5	15.5
West North Central	1,967.6	6.4
South Atlantic	5,941.4	19.3
East South Central	1,724.0	5.6
West South Central	3,324.2	10.8
Mountain	1,616.5	5.3
Pacific	4,648.5	15.1

Source: Sales & Marketing Management
Survey of Buying Power (1987 Edition)

The Top 10 Metropolitan Markets
Based on Sales of Furniture & Bedding, 1986

Rank	Metropolitan Market	Furniture & Bedding Sales (Mil. $)	% of U.S. Total
1	New York, NY	$1,305.6	4.3%
2	Los Angeles/Long Beach, CA	1,187.0	3.9
3	Chicago, IL	923.5	3.0
4	Philadelphia, PA	688.7	2.2
5	Washington, DC	670.0	2.2
6	Boston/Lawrence/Salem/ Lowell/Brockton, MA	593.1	2.0
7	Detroit, MI	578.1	1.9
8	Houston, TX	497.2	1.7
9	Nassau/Suffolk, NY	487.6	1.6
10	Atlanta, GA	417.5	1.4
Sub Total, Top 10 Metro Area		7,348.4	24.2
U.S. Total		$30,742.2	100.0%

Source: Sales & Marketing Management, Survey of Buying Power (1987 Edition)

CONSUMER PRICE INDEX

Consumer Price Indexes for Specified Furniture & Bedding Items
1984-1986
(1977 = 100 unless otherwise specified)

	Annual Averages			% Change	
	1986	1985(r)	1984	1986/85	1985/84
All Items (1967 = 100)	328.4	322.3	307.6	+ 1.9%	+ 4.8%
Furniture & Bedding (1967 = 100)	233.9	228.8	219.5	+ 2.2	+ 4.3
Bedroom furniture	170.8	161.1	150.9	+ 6.0	+ 6.8
Sofas	126.0	122.6	120.9	+ 2.8	+ 1.4
Living room chairs & tables	130.6	128.0	127.2	+ 2.0	+ 0.7
Other furniture	144.7	147.7	139.7	- 2.0	+ 5.8

(r) revised

Source: U.S. Department of Labor
Bureau of Labor Statistics

RETAIL ADVERTISING

Percent of Year's Total Newspaper Advertising Linage
Done By Retailers Each Month, 1986

Month	Bedroom Sets	Dinette Sets	Dining Room Sets	Living Room Chairs & Recliners	Mattresses	Sofas
January	8.7%	8.6%	7.5%	7.3%	8.7%	8.8%
February	9.0	10.5	10.5	7.5	9.2	9.5
March	6.6	6.1	6.5	7.0	8.7	6.5
April	8.7	7.3	6.5	6.3	7.8	9.7
May	8.8	9.3	7.5	9.5	8.7	10.6
June	8.8	6.6	7.3	9.8	7.4	7.4
July	8.2	9.7	7.0	5.7	8.2	7.9
August	9.2	8.9	8.5	9.2	10.7	11.2
September	9.6	8.5	8.2	6.3	8.1	7.0
October	9.9	10.2	9.7	11.2	9.0	9.3
November	7.5	9.4	14.7	10.8	8.7	7.3
December	5.0	4.9	6.1	9.4	4.8	4.8

Source: The Advertising Checking Bureau, Inc.; 1986
Newspaper Advertising Bureau, Inc.

RETAIL ADVERTISING EXPENDITURES

According to an analysis of 10-K reports filed by publicly owned companies with the Securities & Exchange Commission, advertising expenditures in 1986 represented 5.8% of the total sales of furniture stores. This compares with a 5.8% share again reported in 1985, and 7.2% in 1982. Included in the figures are all expenditures classified as "advertising expense" by the reporting company, and estimates are also subject to differences in classification systems. Media and nonmedia advertising and production costs are included.

Furniture Store Advertising Expenditures: 1982-1986

	Ad Dollars As % of Sales	Ad Dollars As % of Margin*	Ad Dollars Annual Growth Rate %
1986	5.8%	12.9%	14.3%
1985	5.8	14.9	21.8
1984	7.1	18.2	12.1
1983	6.8	17.0	5.9
1982	7.2	18.7	1.6

* margin is net sales less cost of goods sold

Source: Pansophic Systems and Schoenfield & Associates (Advertising Age)

CONSUMER MARKET POTENTIAL

New Home Buyers

In July and October 1985, Simmons Market Research Bureau (SMRB) conducted a survey for New Home Magazine of 1,259 owners of single-family dwellings and condominiums costing more than $70,000. The market study revealed purchasing patterns during the first year of ownership and compared these buyers of better homes to the SMRB national averages. Of these buyers of better homes, who are better educated and more affluent than the national average, 69.2% previously purchased or owned a home and 30.8% were purchasing their first home. About half had lived in their homes for less than six months. The data indicated that 90.8% spent up to $3,600 on new furnishings within the past 12 months, with $2,900 more in purchases planned for the next 12 months by 73.8% of those surveyed.

Purchasing of Buyers of Better Homes Compared to the National Average Purchasing in Past 12 Months Ending August 1985

	% of SMRB 1985 Adults	% Buyers of Better Homes
Mattresses (Not box springs)	5.6%	16.0%
Mattress and box spring sets	11.9	29.5
Bed frame and headboard	6.1	24.5
Other bedroom furniture	6.2	24.9
Recliner chair	5.5	11.5
Sofa-bed/convertible (fold-out)	3.0	13.9
Other livng room furniture	9.1	35.7
Dining room furniture	4.4	23.5
Lawn/porch furniture	6.2	33.1

Source: Simmons Market Research Bureau for New Home Magazine (March 1986)

CONSUMER BUYING POTENTIAL

New Home Buyers (continued)

According to the National Association of Home Builders, 36% percent of all new home owners will move into smaller homes than planned. Dual purpose and scaled down furniture are big sellers for this segment.

The 1986 Recent Homebuyer Survey, reported by the National Home Furnishings Association (Competitive Edge Magazine, March 1987) studied 1,600 homeowners who had recently purchased homes for $80,000 or more. The median price of these homes was $149,500, compared to a national median of $80,900 for existing homes and $95,000 for new houses. Nearly one third said they plan to purchase new bedding, 33% plan to buy new upholstered furniture, and 40% were looking for wood furniture. When asked specifically what room they were most interested in furnishing, 41% listed the living room. Another 25% said they wanted to buy furniture for the dining room and 23% were planning purchases for the family room and den. Outdoor furnishing also figured prominently in spending plans with 20% planning to buy deck or patio furniture. Only 16% of respondents said they plan to buy new bedroom furniture.

Cooking and informal eating were considered very important activities in the new home by 60% of respondents. Reading was also considered very important by 42% of the consumers, perhaps indicating why 20% of the respondents considered a sitting area in the master bedroom an important consideration.

In an HFD telephone survey of 100 people nationwide, conducted in August 1987, consumers were asked how they would prefer to spend their disposable income. Consumers overwhelmingly put vacations at number one. Apparel was ranked second followed in order by furniture, appliances/home electronics and automobiles.

CONSUMER BUYING PATTERNS

The following information is from a survey of 421 readers polled in the September 1987 HFD/Better Homes & Gardens Annual survey, 87.9% were household owners with median incomes of $38,946, and median home values of $87,499.

Bedding

Consumers covered in the survey are looking for quality and value in bedding purchases. Brand reputation and price were the most important criteria in selecting the last brand. Over half of the respondents said their most recently purchased mattress was of higher quality than their previous one, and about 29% said it was the same quality as before. More than three-quarters of the respondents said they would purchase an innerspring mattress. Almost half would choose a queen size bed. The surveyed consumers are trading up in size and are more willing to purchase queen and king size mattresses than in previous surveys.

Sales and Type of Mattress/Box Spring Would Most Likely Buy*

Total Respondents	100.0%		
Size		Type	
Queen	45.8	Innerspring	76.2
King	25.4	Waterbed	17.8
Full/Double	22.3	Foam	3.3
Twin	4.0	Other	0.2
Other	1.2	No answer	0.5

* Columns add to more than 100% due to multiple responses

CONSUMER BUYING PATTERNS

Bedding (continued)

Consumers are holding onto their old mattresses; the average length of ownership is seven years according to survey results.

Years Respondents Owned Current Mattress/Box Spring*

Total respondents	100.0%
Less than 1 year	8.8
1 - 3 years	23.3
4 - 7 years	28.3
8 - 12 years	21.9
13 - 16 years	6.4
17 - 20 years	5.9
More than 20 years	3.3
No answer	2.1
Mean	7.09 years
Median	6.29 years

Reputation of the brand, price and the availability of a warranty are the most important criteria for consumers in purchasing mattresses and boxsprings, who emphasize value in shopping for durables.

Most Important Criteria in Selecting Last Mattress/Box Spring Brand*

Total Respondents	100.0%
Reputation of Brand	77.9
Price	72.2
Warranty	64.1
Trying Different Types in Store	46.1
Reputation of Store	39.7
Satisfaction with Previous Brand	38.7
Consumer Information Publications	35.2
Recommendation of Friends/Relatives	16.6
Recommendation of Salesperson	16.4
Other	34.9
No answer	1.4

Furniture

Thirty percent of respondents preferred traditional as opposed to the 15% who like contemporary furniture. Country was preferred by one-third of the respondents. However this category included casual furniture, which many retailers call contemporary.

* Columns add to more than 100% due to multiple responses

Furniture (continued)

Style of Furniture Most Preferred*

Total Respondents	100.0%
Country (casual)	34.4
Traditional	29.7
Eclectic	18.8
Contemporary	14.7
Early American	8.3
Formal English/French	5.7
Victorian	5.0
Oriental	2.9
French Provincial	2.6
Mediterranean	1.0
Italian	0.7
Other	1.9
No Answer	0.7

The overwhelming majority of consumers who responded to the survey plan to purchase fully upholstered pieces. Although only 5% of consumers wanted a leather sofa, this figure is expected to rise in the next few years.

Type of Living Room Sofa Respondents Will Purchase*

Total Respondents	100.0%*
Fully Upholstered	92.4
Leather	5.0
Wicker/Rattan	2.9
No answer	0.5

Consumers are doing their homework prior to making major furniture purchases. Almost three-quarters of the respondents shopped furniture stores to get ideas for their home. More than 50% looked in the paper for furniture ads, and half referred to mass merchant and manufacturer catalogs for shopping tips. Comfort, construction and durability are top priorities for consumers. However, brand name was not a priority in the decision making process. Though more than half of the respondents cited price as an important factor in making a selection, it was not as keen an issue as in previous surveys. Almost 31% would be willing to pay between $700 and $899.

Most Important Factors in Last Purchase Decision*

Total Respondents	100.0%
Comfort	86.7
Construction	74.6
Durability	63.2
Price	57.0
Styling/design	56.8
Fabric	45.4
Soil/stain resistant fabric	32.2
Guarantee/warranty	21.1
Manufacturers reputation	19.0
Retailer's reputation	18.5
Size	17.8
Wood finish	17.6
Brand name	8.1
Delivery time	3.3
Decorator	2.4
Other	0.5
No answer	0.7

Furniture (continued)

Price Respondents Would Be Willing To Pay for a Living Room Sofa

Total Respondents	100.0%
Under $400	4.3
$400 - $499	10.5
$500 - $699	31.1
$700 - $899	30.6
$900 - $1299	17.6
$1300 or more	5.5
No answer	0.5
Mean	$ 755.4
Median	$ 724.6

When choosing a piece of upholstered furniture, most respondents preferred stationary fully upholstered pieces. However, more than 28% said they would consider a sleep sofa when making their next purchase.

Preferred Type of Upholstered Furniture on Next Purchase*

Total Respondents	100.0%
Stationary Sofa	48.2
Sleep Sofa	27.6
Recliner	15.7
Sofa with incliner or recliner	12.6
No answer	0.7

The increased interest in ready-to-assemble (RTA) furniture can be noted in that fully 73% of all respondents believe the quality of such furniture has improved in recent years, and 30% have bought ready-to-assemble furniture in the first year. RTA bookcases, entertainment centers, and wall systems are among the items they would consider purchasing.

Type of RTA Furniture Respondents Would Consider Purchasing*

Total Respondents	100.0%
Bookcases	48.9
Entertainment Centers	34.9
Wall Systems	26.6
Home Office Furniture	13.8
Bedroom Furniture	3.6
Dining Room Furniture	1.7
No Answer	17.1

* Columns add to more than 100% due to multiple responses

Source: HFD - The Weekly Home Furnishings Newspaper
December 14, 1987

SCHEDULE OF ADDITIONAL FACT FILES

THE CHILDREN'S MARKET: INFANTS', TODDLERS', GIRLS' AND BOYS' (APPAREL, PLAYTHINGS & RELATED PRODUCTS): Includes a detailed statistical profile of the U.S. industry, i.e. number and size of manufacturers, production and shipments, employment trends and more. Also details imports and exports by product. At the retail level, this Fact File covers sales estimates, information on leading outlet types and on consumer price trends. The size of the growing potential market in terms of population counts and birth projections is outlined as well as consumer preferences and buying patterns in the consumer market.

CONSUMER MARKET DEVELOPMENTS (1988 Edition): Provides an overview of all facets of consumer market growth, including population size, age distribution, educational levels, employment by occupation groups, earnings. Development of specific market segments are analyzed which are shaped by changes in income levels, living arrangements, working women, marriage and birth trends, and fast-changing economic developments.

DEPARTMENT STORE AND SPECIALTY STORE SALES (1988 Edition): Updates 1987 edition reports on department and specialty stores (number and sales) at the buying headquarter level, with information on branch stores where available. Data is organized for headquarter operations listed by city within the four major geographical regions of the U.S. Additional features: an alphabetical listing of major national chains in the general merchandise and apparel store classifications with the latest sales figures; a list of top traditional department store operations ranked by sales, covering store operations with a volume of $50 million or more in 1987; a list of conglomerates operating traditional department and apparel specialty stores, with the names and headquarter locations of these stores.

DRESSES, DRESS DEPARTMENTS, WASHABLE SERVICE APPAREL (WOMEN'S, MISSES', JUNIORS'): Includes trends in the U.S. industry, such as number of manufacturers, production, shipments; information on imports and their market penetration. Estimates are included on retail sales, as well as information on consumer spending patterns, and the growing importance of the service industries requiring washable service apparel.

FASHION ACCESSORIES (MEN'S AND WOMEN'S): Covers developments in the U.S. industry, in imports and in retail sales for fashion accessories, including small leather goods, handbags, millinery, scarves, gloves, belts, jewelry, sunglasses, watches, etc., to the extent that statistical information is available. Included are production and shipments by U.S. manufacturers plus the quantity and value of imports in recent periods. Retail sales and operating results in department and specialty stores are reported.

FOOTWEAR (MEN'S, WOMEN'S, BOYS', GIRLS'): A statistical analysis of the U. S. footwear industry and on imports, including import penetration by type of footwear, changes in sourcing patterns, etc. Also includes information at consumer spending patterns, retail sales by outlet type, operating ratios in footwear departments, consumer buying patterns.

HOME TEXTILES & RELATED PRODUCTS: Covers information on manufacturers in the industry, and developments resulting from consolidations, the quantity and value of U.S. production, foreign trade, total market supply. At the retail level, the report includes information on household spending, price trends and consumer buying habits. Included in this Fact File are facts on linens and domestics, as well as window coverings and related hardware, and bath shop items.

HOSIERY/LEGWEAR (MEN'S, WOMEN'S, BOYS' GIRLS'): A comprehensive report on these industries at the mill, retailer and consumer levels. Included are details on production and shipments, retail sales by type of outlet, patterns in consumer spending.

HOUSEHOLD FURNITURE AND BEDDING (Mattresses, Dual-Purpose Sleep Furniture, etc.): Reviews important market trends and provides an overview of important statistics at the manufacturing, retailing and consumer levels relating to furniture and bedding. Included is information on the number of manufacturers, the quantity and value of shipments, employment and earnings, and industry concentration levels. Retail data includes information on furniture store sales, the leading furniture stores and the leading department stores in furniture volume; trends in consumer spending for furniture and price level changes.

MEN'S FURNISHINGS AND WORK/CAREER APPAREL: Provides a summary of major market trends in men's shirts, (dress and sport), underwear, nightwear, robes, hosiery and headwear, as well as the growing market for work/career apparel. These products are covered at the U.S. industry level, including production and shipments, employment trends and manufacturer concentration levels. Imports are detailed by product in terms of quantity and value, as well as exports. Data at the retail level includes sales and operating results in men's furnishings in department and specialty stores.

MEN'S SPORTSWEAR, CASUAL WEAR, OUTERWEAR: The wide variety of men's wear items included in this broad category are covered; including available information on the industry and markets at the manufacturer, retailer and consumer levels. It covers information on production and shipments by U.S. producers, imports and exports, as well as estimates on retail sales and information on consumer buying practices.

MEN'S TAILORED CLOTHING/SEPARATES; RAINWEAR: Covers information on the fast-growing category, tailored (but unstructured) separates for men, as well as suits, jackets and coats made in the men's clothing industry, plus rainwear. U.S. industry data includes trends in the number of manufacturers, production and value of shipments, location of the industry and employment trends. Foreign trade is examined, including export and import developments. The U.S. consumer market is defined in terms of number in the population by age and by population groups. A look is taken at the Young Men's market and merchandising practices of stores to reach this market.

RETAILING/MERCHANDISING TRENDS: Covers the dramatic changes underway in the operations, of the large retailing organizations, such as the decentralization of operations beyond traditional geographic boundaries and diversification of operations to include store types differing from the primary business. Also covered are developments in brand name merchandising, store labels, designer labels, licensing and off-price retailing. (Latest edition available © 1984).

SALES OF MAJOR CLASSIFICATIONS OF CONSUMER GOODS BY RETAIL OUTLET TYPE: Covers sales of grocery products, drugs, apparel, footwear, sporting goods, home furnishings and other product lines by major type of retail outlet. The sales are detailed, and trends analyzed on market shares held by major outlet types based on the latest complete Census of Retail Trade. (Latest edition available © 1986.)

THE SPORTS/FITNESS/LEISURE MARKETS: Covers the market for products designed for the active sports participant, as well as athleisure activities and active apparel. Covers growth trends in specific sports and related products, including footwear and apparel, and developments in the fitness market.

SPORTSWEAR, CASUAL WEAR, SEPARATES (WOMEN'S, MISSES' AND JUNIORS'): A statistical view of the products included in this classification at the manufacturing and retailing level. Includes information on production, shipments, foreign trade, a well as estimates on consumer spending and buying patterns and on market trends.

STATISTICAL ANALYSIS OF RETAILING (A Fact File Special Edition): A detailed statistical summary of retail trade in the U.S. based on findings in the 1982 Census of Retail Trade issued in 1985 by the U.S. Census Bureau. Percentage distributions have been calculated for firms and outlet types, including single and multi-unit operations, sales concentration and geographical distribution, with comparisons with 1977 census findings where possible. (Latest edition available © 1985).

THE TEXTILE/APPAREL INDUSTRIES: Provides an overview of the U.S. textile and apparel industries, their current problems and programs to improve their competitive position in the U.S. market and abroad. Covers a statistical profile of each industry in terms of number of manufacturers, concentration levels, production and shipments, including exports. Trends in imports in terms of quantity and value are detailed.

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WOMEN'S INNER FASHIONS: NIGHTWEAR, DAYWEAR AND LOUNGEWEAR: An analysis of statistical information available on the industry and market, from manufacturer through to consumer. Includes the latest available data on U.S. production, shipments and exports; and details on imports. Retail sales and operating results in department and specialty stores are covered, as well as trends in producer and consumer prices.

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